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Public Accounts 1997-98

Volume 1

Main Financial Statements



Saskatchewan



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Table of Contents

	Page
Transmittal Letters	3
Introduction to the Public Accounts	4
Sources of Additional Information	4
Financial Reporting Structure	5
General Revenue Fund Financial Statements	
Responsibility for General Revenue Fund Financial Statements	9
Provincial Auditor's Report	11
Statement of Financial Assets, Liabilities, and Accumulated Deficit	12
Statement of Revenue, Expenditure, and Accumulated Deficit	13
Statement of Operating, Investing and Financing Activities	14
Notes to the Financial Statements	15
Schedules to the Financial Statements	
Schedule 1 - Accounts Receivable	22
Schedule 2 - Loans to Crown Corporations	22
Schedule 3 - Other Loans	23
Schedule 4 - Accounts Payable and Accrued Liabilities	24
Schedule 5 - Deposits Held	24
Schedule 6 - Debt	25
Schedule 7 - Sinking Funds	26
Schedule 8 - Debt by Maturity	27
Schedule 9 - Guaranteed Debt	28
Schedule 10 - Revenue	30
Schedule 11 - Loss on Loans and Investments	31
Schedule 12 - Net Change in Non-cash Operating Activities	31
Schedule 13 - Investing Activities	32
Summary Financial Statements	
Responsibility for the Summary Financial Statements	35
Provincial Auditor's Report	37
Summary Statement of Financial Assets, Liabilities, and Accumulated Deficit	39
Summary Statement of Revenue, Expenditure, and Accumulated Deficit	40
Summary Statement of Operating, Investing, and Financing Activities	41
Notes to the Summary Financial Statements	42
Schedules to the Summary Financial Statements	
Schedule 1 - Accounts Receivable	52
Schedule 2 - Loans Receivable	52
Schedule 3 - Investment in Government Enterprises	54
Schedule 4 - Other Investments	57
Schedule 5 - Accounts Payable and Accrued Liabilities	60
Schedule 6 - Other Liabilities	60
Schedule 7 - Public Debt	61
Schedule 8 - Sinking Funds	62
Schedule 9 - Public Debt by Maturity	63
Schedule 10 - Guaranteed Debt	65
Schedule 11 - Revenue	67
Schedule 12 - Gains and Losses on Loans and Investments	68
Schedule 13 - Net Change in Non-cash Operating Activities	68
Schedule 14 - Reporting Entity	69
General Revenue Fund - Details of Debentures	72
Glossary of Terms	81

To His Honour
The Honourable John Wiebe
Lieutenant Governor of the Province of Saskatchewan

May It Please Your Honour:

The undersigned has the honour to submit herewith the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 1998.

Respectfully submitted,



Eric Cline
Minister of Finance

Regina, Saskatchewan
August, 1998

The Honourable Eric Cline
Minister of Finance

We have the honour of presenting herewith the main financial statements of the Government of the Province of Saskatchewan for the fiscal year ended March 31, 1998.

Respectfully submitted,



W. Davern Jones
Deputy Minister of Finance

Regina, Saskatchewan
August, 1998



Terry Paton
Provincial Comptroller

Introduction to the Public Accounts

The 1997-98 Public Accounts of the Government of Saskatchewan are organized into two reports:

Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan.

The General Revenue Fund Financial Statements account for the financial transactions of the General Revenue Fund and the Province of Saskatchewan Sinking Funds. All public money is paid into the General Revenue Fund except where the Legislative Assembly has directed otherwise. The General Revenue Fund is available for appropriation for the public services of Saskatchewan.

The Summary Financial Statements consolidate the financial transactions of the General Revenue Fund, Crown corporations, agencies, boards and commissions. These consolidated statements provide a full accounting of the financial affairs and resources of all entities for which the Government is responsible.

Volume 1 also contains detailed information on public issue debentures and debentures issued to the Minister of Finance of Canada.

Volume 2 contains the following:

- details on the revenue and expenditures of the General Revenue Fund; and,
- other information including financial information on the assets, liabilities and residual balances of superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Internet Address

The Public Accounts are available on the Internet at: <http://www.gov.sk.ca/govt/finance/>

Sources of Additional Information

Financial Statements Compendium

This is a two-part report comprised of the financial statements of various government boards, agencies, commissions, superannuation funds, special purpose funds and institutions, as well as Crown corporations which are accountable to the Treasury Board.

Annual Reports of Saskatchewan Crown Corporations

This is a compendium of the financial reports of Crown corporations that are accountable to the Crown Investments Corporation.

Budget Address

The Government of Saskatchewan presents a budget each year, usually early in the spring. At this time, a document containing the Budget Address and budget papers is tabled.

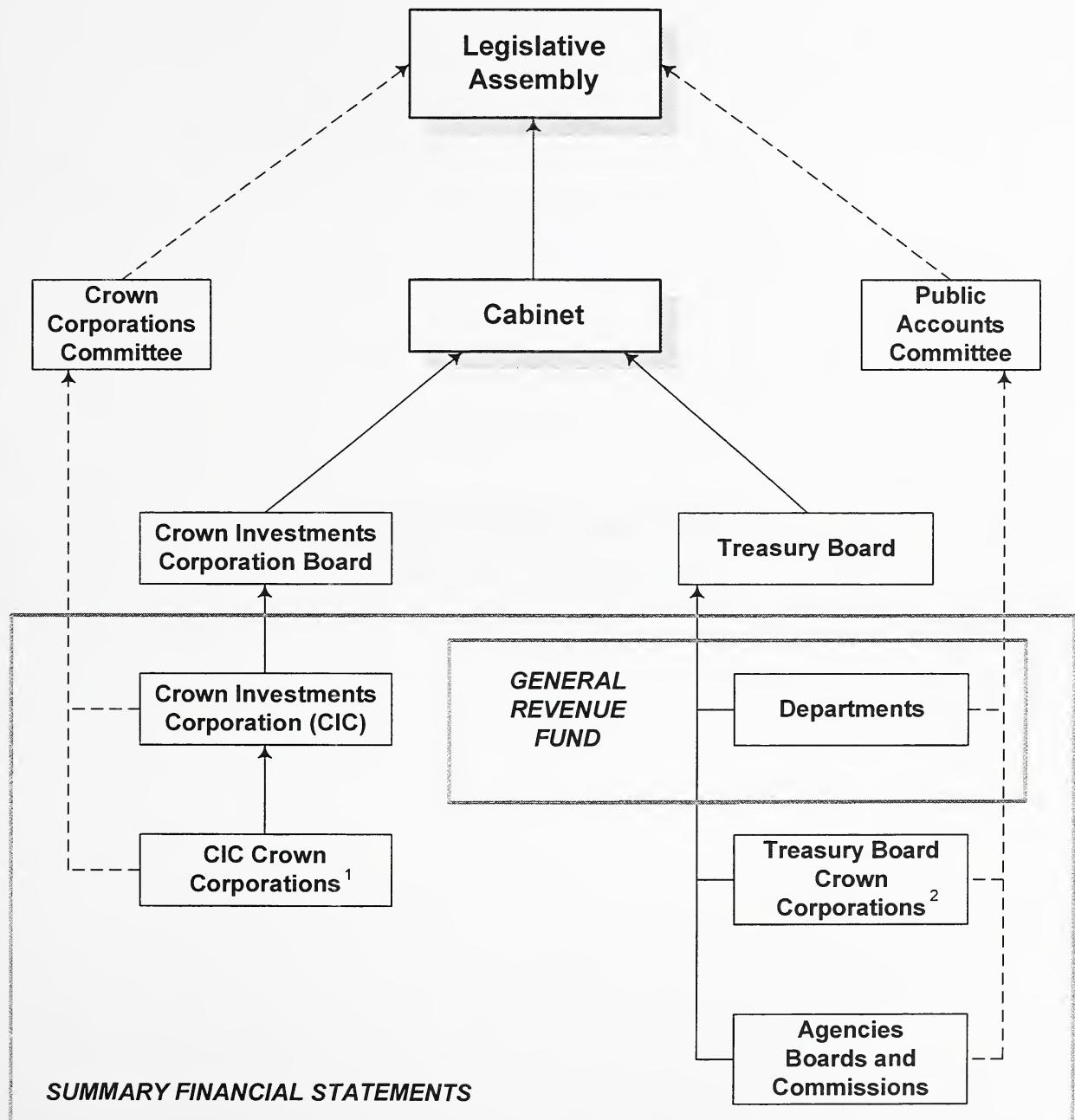
Saskatchewan Estimates

The Government's spending estimates for the year commencing April 1 are presented to the members of the Legislative Assembly following presentation of the Budget Address by the Minister of Finance. The Estimates outline the detailed estimates of revenue, expenditure, loans, advances, and investments to the Legislative Assembly for approval in the form of *The Appropriation Act*.

Province of Saskatchewan Mid-Year Financial Report

This report, released in November, provides an update on the Province's revenue, expenditure, and surplus, reflecting economic changes and other developments to the mid-point of the fiscal year. Updates on the Province's economy, loans, investments, and debt are also provided.

Financial Reporting Structure



1 Examples of CIC Crown corporations are: SaskEnergy, SaskPower, SaskTel, SGI, and STC.

2 Examples of Treasury Board Crown corporations are: Agricultural Credit Corporation of Saskatchewan, Saskatchewan Liquor and Gaming Authority, Saskatchewan Crop Insurance Corporation and Saskatchewan Property Management Corporation.

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**General Revenue Fund
Financial Statements**

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Responsibility for General Revenue Fund Financial Statements

The Government is responsible for the General Revenue Fund Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate.

The Provincial Auditor expresses an independent opinion on these statements. His report, stating the scope of his audit and opinion, appears on the following page.

Treasury Board approves the General Revenue Fund Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.



Eric Cline
Minister of Finance



W. Davern Jones
Deputy Minister of Finance



Terry Paton
Provincial Comptroller

Regina, Saskatchewan
August, 1998

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Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

These financial statements report transactions and events of the General Revenue Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the General Revenue Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.

Volume 1 of the Public Accounts includes a more complete set of financial statements. Those statements are called the *Summary Financial Statements* of the Government of Saskatchewan. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.

I have audited the statement of financial assets, liabilities, and accumulated deficit of the General Revenue Fund as at March 31, 1998 and the statements of revenue, expenditure, and accumulated deficit and operating, investing and financing activities for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Reservation

The Fund is responsible for the liabilities of several pension funds. Note 6 indicates those pension liabilities are not recorded in these financial statements. In my opinion, pension liabilities should be recorded in the financial statements. Had pension liabilities been recorded, liabilities and accumulated deficit would increase by \$3,672 million (1997 - \$3,530 million) and expenditures would increase and surplus for the year would decrease by \$142 million (1997 - \$102 million).

Opinion

In my opinion, except for the effects of the failure to record pension liabilities as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the General Revenue Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for the public sector recommended by The Canadian Institute of Chartered Accountants.



Wayne Strelioff, CA
Provincial Auditor

Regina, Saskatchewan
July 3, 1998

General Revenue Fund

Statement of Financial Assets, Liabilities, and Accumulated Deficit

As at March 31, 1998

(thousands of dollars)

Schedule	1998	1997
Financial Assets		
Cash and temporary investments (note 3).....	\$ 256,260	\$ 337,688
Prepaid expenditures.....	2,096	2,080
1 Accounts receivable.....	303,108	368,109
Agricultural land held for resale (note 4).....	117,044	118,231
Deferred charges.....	46,915	57,679
Deferred foreign exchange loss.....	139,849	110,696
2 Loans to Crown corporations.....	3,681,745	4,188,536
3 Other loans	48,254	181,501
Equity investment in Crown Investments Corporation of Saskatchewan.....	1,447,452	1,447,452
Total Financial Assets	6,042,723	6,811,972
Liabilities		
4 Accounts payable and accrued liabilities	926,509	1,016,771
5 Deposits held.....	671,243	659,590
Unearned revenue.....	71,116	64,793
6,7&8 Debt.....	11,553,746	12,285,921
Total Liabilities	13,222,614	14,027,075
Accumulated Deficit		
	\$ (7,179,891)	\$ (7,215,103)

(See accompanying notes)

- Tangible capital assets (note 5)
- Pension liabilities, contingencies, and commitments (notes 6, 10, 11)
- 9 Guaranteed debt

General Revenue Fund

Statement of Revenue, Expenditure, and Accumulated Deficit

For the Year Ended March 31, 1998

Schedule	(thousands of dollars)		
	Budget 1998	Actual 1998	Actual 1997
Revenue			
10 Taxation.....	\$ 2,949,100	\$ 3,114,623	\$ 3,121,464
10 Non-renewable resources	752,700	781,460	907,644
10 Transfers from Government entities.....	456,600	417,794	425,937
10 Other own-source revenue.....	265,000	295,467	287,649
10 Transfers from the federal government	650,000	553,119	760,545
Total Revenue	5,073,400	5,162,463	5,503,239
Expenditure			
Agriculture and Food.....	214,000	203,819	326,148
Economic and Co-operative Development.....	41,037	43,160	38,862
Education.....	549,714	543,663	541,317
Energy and Mines.....	15,784	16,100	14,881
Environment and Resource Management.....	92,895	97,823	101,924
Executive Council.....	7,410	7,394	7,284
Finance	169,290	167,159	160,432
Finance - Servicing the Debt (note 8).....	765,000	754,598	794,150
Health.....	1,632,610	1,677,217	1,608,005
Highways and Transportation.....	198,811	212,888	170,222
Indian and Metis Affairs Secretariat	26,134	26,086	25,664
Intergovernmental and Aboriginal Affairs.....	4,563	4,919	3,886
Justice.....	190,030	197,078	185,425
Labour.....	9,373	9,226	8,982
Legislation.....	16,491	15,851	15,294
Municipal Government.....	172,447	181,647	185,179
Post-Secondary Education and Skills Training.....	386,139	386,133	344,844
Provincial Auditor.....	4,220	4,220	4,288
Public Service Commission.....	7,714	8,255	7,225
Saskatchewan Municipal Board.....	1,193	964	917
Saskatchewan Property Management Corporation.....	18,554	18,854	10,554
Saskatchewan Research Council.....	7,956	7,956	9,529
Saskatchewan Water Corporation.....	4,888	4,888	4,956
Social Services.....	511,611	535,968	525,420
Women's Secretariat.....	1,403	1,385	901
Total Expenditure (note 9)	5,049,267	5,127,251	5,096,289
Surplus for the Year.....	24,133	35,212	406,950
Accumulated deficit, beginning of year.....	(7,215,103)	(7,215,103)	(7,622,053)
Accumulated Deficit, End of Year (note 7)	\$ (7,190,970)	\$ (7,179,891)	\$ (7,215,103)

(See accompanying notes)

General Revenue Fund
Statement of Operating, Investing, and Financing Activities
For the Year Ended March 31, 1998

Schedule	(thousands of dollars)		
	1998	1997	
Operating Activities			
Surplus for the year.....	\$ 35,212	\$ 406,950	
Add (deduct) non-cash items			
Amortization of foreign exchange gains and losses.....	3,954	(6,044)	
11 Loss on loans and investments.....	524	436	
12 Net change in non-cash operating activities	(8,305)	13,055	
Earnings retained in sinking funds.....	(24,094)	(14,944)	
Cash Provided by Operating Activities	7,291	399,453	
Investing Activities			
13 Loan Advances.....	(130,714)	(161,800)	
13 Loan Repayments.....	553,968	738,504	
13 Sinking funds' contributions received from Crown corporations.....	234,667	267,461	
13 Contributions made to sinking funds.....	(275,932)	(307,825)	
13 Other.....	930	1,990	
Cash Provided by Investing Activities	382,919	538,330	
Cash Provided by Operating and Investing Activities	\$ 390,210	\$ 937,783	
Financing Activities			
Proceeds from debt.....	\$ 486,153	\$ 465,817	
Repayment of debt.....	(969,444)	(1,485,204)	
Net Repayment of Debt.....	(483,291)	(1,019,387)	
Increase in deposits held.....	11,653	341,850	
Decrease (Increase) in cash and temporary investments.....	81,428	(260,246)	
Cash Used for Financing Activities	\$ (390,210)	\$ (937,783)	
Cash and Temporary Investments			
Cash and temporary investments, beginning of year	\$ 337,688	\$ 77,442	
(Decrease) Increase in cash and temporary investments.....	(81,428)	260,246	
Cash and Temporary Investments, End of Year	\$ 256,260	\$ 337,688	

(See accompanying notes)

General Revenue Fund

Notes to the Financial Statements

For the Year Ended March 31, 1998

1. Significant Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting policies:

a) Reporting entity

The General Revenue Fund is the general fund which receives all revenues unless otherwise specified by law. Spending from the General Revenue Fund is appropriated by the Legislative Assembly.

These statements do not account for all financial affairs of the Saskatchewan Government. Other government entities such as special purpose funds, Crown corporations, and other agencies, report separately in other financial statements. Only financial transactions to or from these other entities are included in the General Revenue Fund. The net expenditures/recoveries for revolving funds' operations are charged to expenditure.

The Government's summary financial statements which include the financial activities of the General Revenue Fund and other government entities (special purpose funds, Crown corporations, and other agencies) are provided separately.

b) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

Revenue

Revenues are recorded on the accrual basis except for payments from the federal government for corporate and personal income taxes, which are recorded on the cash basis.

Expenditure

Expenditures are recorded on the accrual basis and include the cost of tangible capital assets and inventories of supplies received during the year.

Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Temporary investments are recorded at the lower of cost or market.

Agricultural land held for resale is valued at the lower of cost or net realizable value, on an aggregate basis.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of long-term debt. They are recorded at cost and amortized on a straight line basis over the remaining life of the debt issue.

Deferred foreign exchange loss includes unrealized foreign exchange gains and losses resulting from conversion of foreign debt, issued for general government purposes, to the Canadian dollar equivalent at March 31. Unrealized foreign exchange gains and losses are amortized on a straight line basis over the remaining life of the debt issue. Realized foreign exchange gains or losses, on debt issued for general government purposes, are included in servicing the debt.

Loans to Crown corporations and *Other loans* generally have fixed repayment terms and are interest bearing. Short-term loans to Crown corporations are recorded at par; all other loans are recorded at cost. Interest received on these loans is netted against interest paid on money borrowed for these loans.

Equity investment in Crown Investments Corporation of Saskatchewan is an advance to the corporation to form its equity capitalization and is recorded at cost.

Where there has been a loss in value that is other than a temporary decline, loans and equity investments are written down to recognize the loss.

Tangible capital assets are recorded as an expenditure in the period acquired.

Liabilities

Reported liabilities include obligations to outside organizations and individuals as a result of transactions and events occurring prior to year end. They are the result of financial obligations to repay borrowings or to pay for goods and services acquired prior to year end, and of revenue, received or receivable, where goods or services will be delivered in the future.

General Revenue Fund Notes to the Financial Statements

Unearned revenue consists mainly of revenue for Crown mineral leases and motor vehicle fees that will be earned in a subsequent fiscal year.

Debt is issued for general government purposes and for Crown corporations. All debt is recorded at par.

Premiums, discounts, and issue costs incurred on debt issued for general government purposes are recorded as deferred charges and amortized on a straight line basis over the remaining life of the debt issue.

Foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. The General Revenue Fund is reimbursed by Crown corporations for all sinking fund contributions made on debt incurred on their behalf. Premiums and discounts on long-term investments within the sinking fund are amortized by the type of security on a constant yield basis.

Interest, discounts, premiums and commissions on money borrowed for Crown corporations and others are netted against reimbursements by these entities.

Pension liabilities are not recorded in the financial statements. The General Revenue Fund accounts for pension payments on a cash basis.

Guaranteed debt includes guarantees of the Government made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents Government's best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of non-renewable resource royalties, and the federal government's Equalization and the Canada Health and Social Transfer. The uncertainty arises from factors such as price and production sensitivities in the royalty structures, and the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country. Management considers that it is reasonably possible that changes in future conditions in the near term could require a material change in the amounts recognized. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

3. Cash and Temporary Investments

The market value of cash and temporary investments is \$256.5 million (1997 - \$337.9 million). Temporary investments are generally for less than 30 days, and have an average effective interest rate of 4.79%.

4. Agricultural Land Held For Resale

The estimated net realizable value of the agricultural land held for resale at March 31, 1998 is \$227.8 million (1997 - \$217.1 million).

5. Tangible Capital Assets

Tangible capital assets are recorded as an expenditure in the year acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. These assets are a key component in the delivery of government programs and provide on-going value to the public.

Tangible capital assets are valued at historical cost. All costs directly attributable to the acquisition, construction, development or betterment of the tangible capital assets are included.

Amortization is calculated using the straight line method based on the estimated useful life of each asset.

During the current year, the entity acquired tangible capital assets costing \$17.8 million (1997 - \$18.6 million). The net book value of \$29.5 million (1997 - \$24.9 million) represents the cost of tangible capital assets less an estimate of the portion of the assets used in the delivery of services.

The Saskatchewan Property Management Corporation (SPMC) also acquires tangible capital assets for use by the entity in its day to day operations. SPMC manages most of the buildings and land used by the entity in the provision of services to the public. These assets are reported separately in the financial statements of SPMC.

General Revenue Fund

Notes to the Financial Statements

	(thousands of dollars)						1997
	1998	Machinery & Equipment	Computer Hardware	Computer Software	Furniture & Equipment	Other	
<i>Estimated useful life</i>		<i>10 years</i>	<i>3 years</i>	<i>3 years</i>	<i>5-10 years</i>	<i>5 years - Indefinite</i>	
Opening cost	\$ 12,243	\$ 14,188	\$ 3,817	\$ 3,144	\$ 8,583	\$ 41,975	\$ 34,415
Additions	1,221	11,642	2,974	1,858	75	17,770	18,624
Disposals	(1,060)	(7,142)	(1,677)	(420)	(104)	(10,403)	(11,064)
Closing cost of tangible capital assets	12,404	18,688	5,114	4,582	8,554	49,342	41,975
Opening accumulated amortization	5,346	7,424	1,888	1,352	1,034	17,044	16,567
Annual amortization	1,298	6,989	1,953	713	617	11,570	10,216
Write-downs	—	—	—	—	—	—	(1,539)
Disposals	(1,001)	(5,891)	(1,407)	(399)	(99)	(8,797)	(8,200)
Closing accumulated amortization	5,643	8,522	2,434	1,666	1,552	19,817	17,044
Net Book Value of Tangible Capital Assets	\$ 6,761	\$ 10,166	\$ 2,680	\$ 2,916	\$ 7,002	\$ 29,525	\$ 24,931

Reporting policies are currently being developed, and information gathered, for other tangible capital assets such as computer system development costs.

6. Pension Liabilities

The Government of Saskatchewan sponsors several defined benefit and defined contribution pension plans for a significant number of its employees and for members of the Legislative Assembly.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

Defined benefit pension plans

Defined benefit pension plans provide benefits based on length of service and pensionable earnings. A typical defined benefit pension plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their pension plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

The two main plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Members of the Legislative Assembly Superannuation Plan (MLA), Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Public Employees (Government Contributory) Annuity Fund, which continues July 1, 1997 as the Saskatchewan Pension Annuity Fund, an annuity underwriting operation.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. The long-term inflation rate is estimated at 4.0 per cent, other estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a five year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

The TSP provides inflation protection equal to 80 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP. PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP are paid from the General Revenue Fund.

General Revenue Fund

Notes to the Financial Statements

Information on the defined benefit pension plans follows:

	TSP	PSSP	1998		1997
			All Others	Total	Total
Plan status	closed	closed	closed ¹	n/a	n/a
Member contribution rate, percentage of salary	7.85	7.0 - 9.0 ²	5.0 - 9.0 ²	n/a	n/a
Number of active members	8,094	2,490	101	10,685	10,903
Average age of active members, years	46.8	49.5	53.2	47.5	47.3
Former members entitled to deferred pension benefits	18,926	154	12	19,092	19,018
Number of superannuates and surviving spouses	8,105	5,874	1,606	15,585	15,541
Member contributions (thousands of dollars)	\$ 21,361	\$ 6,787	\$ 362	\$ 28,510	\$ 32,272
Government contributions (thousands of dollars)	\$ 102,639	\$ —	\$ 3,333	\$ 105,972	\$ 115,168
Benefits paid (thousands of dollars)	\$ 178,163	\$ 86,913	\$ 5,695	\$ 270,771	\$ 253,886

¹Judges is open to new membership, all other plans are closed.

²Contribution rate varies based on age.

Based on the latest actuarial valuation, extrapolated to March 31, 1998, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

Plan Name	Actuarial Valuation Date	Accrued Benefit Obligation	Pension Fund Assets	Net Obligation	(thousands of dollars)		
					1998		1997
TSP ²	Jun. 30/95	\$ 3,596,000	\$ 1,286,000	\$ 2,310,000	\$ 107,285	\$ 2,417,285	\$ 2,301,639
PSSP	Dec. 31/96	1,266,632	—	1,266,632	(71,636)	1,194,996	1,174,690
Others	Various	150,045	87,383	62,662	(2,683)	59,979	53,880
Total		\$ 5,012,677	\$ 1,373,383	\$ 3,639,294	\$ 32,966	\$ 3,672,260	\$ 3,530,209

¹Amortized to income over 3 to 13 years (1997, 3 to 13 years), the estimated average remaining service life of active plan members at the time the estimation adjustment arises.

²The TSP accrued benefit obligation includes a liability of \$60.0 million (1997 - \$60.0 million) relating to the TSP disability provision.

At March 31, 1998 the market value of plan investments was \$1.82 billion (1997 - \$1.48 billion). Of this amount, 48.4% (1997 - 48.3%), was invested in fixed income securities and 47.2% (1997 - 46.5%) in equity investments.

Defined contribution pension plans

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary.

The Government sponsors the Public Employees (Government Contributory) Superannuation Plan which continues July 1, 1997 as the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Employers are required to match employee current service contributions to this plan. The General Revenue Fund has fully funded its share. The General Revenue Fund also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation.

Information on the defined contribution pension plans to which the General Revenue Fund contributes follows:

	PEPP	STRP	1998		1997
			Total	Total	Total
Plan status	open	n/a	n/a	n/a	n/a
Member contribution rate, percentage of salary	5.0	n/a	n/a	n/a	n/a
Number of active members, all employers	21,742	n/a	21,742	21,742	19,128
Information related to General Revenue Fund employees:					
Number of active members	9,859	n/a	9,859	9,859	8,588
Number of inactive members	3,711	n/a	3,711	3,711	3,603
Member contributions (thousands of dollars)	\$ 14,639	n/a	\$ 14,639	\$ 14,639	\$ 15,322
Government contributions (thousands of dollars)	\$ 13,831	\$ 16,568	\$ 30,399	\$ 30,399	\$ 30,419

General Revenue Fund

Notes to the Financial Statements

Pension expenditure

The entity accounts for pensions on a cash basis. The pension liabilities are not recorded in the financial statements.

7. Reserves

The accumulated deficit of \$7,179.9 million consists of an unallocated deficit component of \$7,191.8 million and the Environmental Protection Reserve of \$11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

8. Debt Servicing Costs

	(thousands of dollars)	
	1998	1997
Total interest costs	\$ 1,197,985	\$ 1,286,644
Less interest reimbursed from Crown corporations and others	(457,542)	(499,441)
Other costs	14,155	6,947
Total Debt Servicing Costs	\$ 754,598	\$ 794,150

9. Expenditures by Function and by Object

Expenditures by function are reported as follows:

	(thousands of dollars)	
	1998	1997
Agriculture	\$ 195,635	\$ 321,696
Community development	128,871	120,425
Debt servicing costs	754,598	794,150
Economic development	62,178	64,205
Education	917,210	881,626
Environment and natural resources	105,174	105,220
Health	1,677,217	1,608,005
Protection of persons and property	200,259	188,100
Social services and assistance	599,708	587,288
Transportation	253,721	210,677
Other	232,680	214,897
Total Expenditures	\$ 5,127,251	\$ 5,096,289

Expenditures by object are reported as follows:

	(thousands of dollars)	
	1998	1997
	(Restated)	
Personal services	\$ 386,304	\$ 376,056
Travel	34,102	31,121
Transfers:		
Government entities	1,061,552	1,091,161
Other	2,200,112	2,189,586
Supplier payments	524,482	467,243
Other	166,101	146,972
Debt servicing costs	754,598	794,150
Total Expenditures	\$ 5,127,251	\$ 5,096,289

General Revenue Fund Notes to the Financial Statements

10. Contingencies

a) Guaranteed debt

At March 31, 1998, \$496.1 million (1997 - \$576.7 million) in loans were guaranteed by the Minister of Finance. Schedule 9 provides a listing of guaranteed debt.

b) Lawsuits

Up to \$91.5 million may be paid, depending on the outcome of lawsuits in progress.

c) Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and believes they are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether or not the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

11. Commitments

Major financial commitments include:

- treaty land entitlement agreement commitments valued at approximately \$138.6 million over ten years; rural municipality and school division tax loss compensation of approximately \$17.7 million as land transfers achieve reserve status over the course of the agreements;
- support for animal health related research, \$2.1 million over three years;
- research and development projects for new agriculture technology and opportunities in the agri-food industry, \$20.2 million over the next five years;
- Weyerhaeuser Canada Ltd. agreement for road maintenance and construction, term indefinite, five year estimate of commitment, \$26.1 million;
- Mistik Management agreement for road reconstruction, term indefinite, five year estimate of commitment, \$13.8 million;
- capital grant projects, over the next three years, \$35.0 million;
- contracts for highway improvement, \$39.3 million;
- computer service agreements, \$15.9 million over four years;
- contract with the University of Saskatchewan to provide medical services for northern communities, \$27.0 million over seven years;
- contract to administer and deliver the youth futures pilot project in Prince Albert, \$1.4 million.

Included are commitments for agriculture \$20.2 million, health \$62.0 million, transportation \$79.2 million, community development \$156.3 million, and other \$19.4 million.

12. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, agencies, boards, and commissions related to the General Revenue Fund by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

Payments to related parties, made from the entity during the year, include approximately \$89.0 million (1997 - \$88.6 million) to Saskatchewan Property Management Corporation and \$17.3 million (1997 - \$16.4 million) to Saskatchewan Telecommunications Holding Corporation.

The entity received taxation and non-renewable resource revenue from related parties during 1997-98 of approximately \$42.8 million (1997 - \$42.7 million). In addition, Saskatchewan Education and Health Tax and Fuel Tax are received from related parties on all taxable purchases.

General Revenue Fund

Notes to the Financial Statements

Other transactions with related parties and amounts due to or from them are described separately in these financial statements.

13. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are not owned by the Government and the Government has no equity in the funds. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the General Revenue Fund at March 31, 1998, were as follows:

	(thousands of dollars)	
	1998	1997
Superannuation funds and pension plans ¹	\$ 4,576,774	\$ 3,886,611
Public Trustee's Trust Account	131,704	115,662
Other trusts	24,290	22,591
Total	\$ 4,732,768	\$ 4,024,864

¹The balance reflects the latest financial statements of the funds and plans closest to March 31, 1998.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The Government may experience the effects of the Year 2000 Issue before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations.

The Government is working to mitigate any potential effects that may be experienced in critical business systems due to the Year 2000 Issue. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved. However, any potential costs associated with modifying computer systems for the year 2000 are not expected to have a material adverse affect on the Government's financial condition.

15. Comparative Figures

Certain of the 1997 figures have been reclassified to conform with the current year presentation. With regard to expenditures, the figures are reported on the same basis as the Estimates for the prior year.

16. Debt Reduction Account

This account was established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

	(thousands of dollars)	
	Budget	Actual
Debt reduction account, beginning of year	\$ 425,398	\$ 425,398
Reduction in accumulated deficit for the year	24,133	35,212
Debt Reduction Account, End of Year	\$ 449,531	\$ 460,610

General Revenue Fund Schedules to the Financial Statements

For the Year Ended March 31, 1998

Schedule 1 - Accounts Receivable

	(thousands of dollars)	
	1998	1997
Taxation	\$ 139,121	\$ 143,137
Non-renewable resources.....	64,838	130,139
Transfers from Government entities.....	12,985	7,158
Other own-source revenue.....	53,657	53,037
Transfers from the federal government.....	36,413	32,755
Other accounts receivable.....	31,042	26,402
	338,056	392,628
Less: Provisions for losses.....	34,948	24,519
Total Accounts Receivable	\$ 303,108	\$ 368,109

Receivables include \$4.1 million due from related parties (1997 - \$3.3 million).

Schedule 2 - Loans to Crown Corporations

	(thousands of dollars)	
	1998	1997
Short-term Loans		
Saskatchewan Opportunities Corporation.....	\$ 16,084	\$ 40,833
Saskatchewan Telecommunications Holding Corporation.....	34,700	20,000
SaskEnergy Incorporated.....	-	54,400
Total Short-term Loans	50,784	115,233
	Principal Outstanding	Less Sinking Fund Equity
Long-term Loans		
Agricultural Credit Corporation of Saskatchewan.....	\$ 270,208	\$ 145,474
Crown Investments Corporation of Saskatchewan.....	669,602	307,774
Municipal Financing Corporation of Saskatchewan.....	79,667	-
Saskatchewan Housing Corporation.....	202,818	-
Saskatchewan Opportunities Corporation.....	72,600	-
Saskatchewan Power Corporation.....	1,976,737	234,434
Saskatchewan Telecommunications Holding Corporation.....	397,661	89,805
Saskatchewan Water Corporation.....	41,293	1,463
SaskEnergy Incorporated.....	733,150	33,825
Total Long-term Loans	\$ 4,443,736	\$ 812,775
Total Loans to Crown Corporations	\$ 3,681,745	\$ 4,188,536

General Revenue Fund

Schedules to the Financial Statements

Schedule 3 - Other Loans

	(thousands of dollars)		
	1998		1997
Agriculture and Food			
Agri-Food Equity Fund.....	\$ 4,913		\$ -
Crop Sector Companion Program.....	-		106,245
Economic and Co-operative Development			
Community Bonds.....	-		1,373
Economic Development Loans.....	\$ 7,442	\$ 7,788	
Less: Provision for Loss.....	<u>4,559</u>	<u>2,883</u>	2,860
Hudson Bay Mining and Smelting Co. Ltd.....	3,900	<u>4,928</u>	7,799
Northern Economic Development.....	2,863	1,733	
Less: Provision for Loss.....	<u>628</u>	<u>2,235</u>	1,519
Small Business Loans Association.....	<u>4,911</u>	<u>5,477</u>	
Less: Provision for Loss.....	<u>1,250</u>	<u>3,661</u>	4,014
Finance			
Treasury Advances.....	3,779		1,160
Municipal Government			
Agricultural Service Centres Agreement - Shareable.....	705		989
Post-Secondary Education and Skills Training			
Saskatchewan Student Aid Fund	24,182		52,712
Saskatchewan Municipal Board			
Municipalites - Union Hospital Debt.....	1,425		2,194
Other.....	571		636
Total Other Loans	\$ 48,254		\$ 181,501

General Revenue Fund Schedules to the Financial Statements

Schedule 4 - Accounts Payable and Accrued Liabilities

		(thousands of dollars)	
		1998	1997
Personal services.....	\$ 48,595	\$ 45,651	
Travel.....	3,673	3,276	
Transfers.....	319,244	374,996	
Supplier payments.....	79,438	66,005	
Accrued interest	235,684	257,505	
Transfers payable to the federal government.....	127,314	168,526	
Other accounts payable and accrued liabilities.....	112,561	100,812	
Total Accounts Payable and Accrued Liabilities	\$ 926,509	\$ 1,016,771	

Total includes \$48.7 million payable to related parties (1997 - \$76.2 million) and \$144.1 million payable to the federal government (1997 - \$176.7 million).

Schedule 5 - Deposits Held

		(thousands of dollars)	
		1998	1997
Deposits held on behalf of Government entities and others			
Agri-Food Innovation Fund.....	\$ 20,260	\$ 38,166	
Beef Development Board.....	1,659	1,848	
Cattle Marketing Deductions Fund.....	1,327	1,157	
District Health Boards.....	61	3,624	
Fish and Wildlife Development Fund.....	1,244	2,907	
Liquor and Gaming Authority.....	386,206	450,509	
New Careers Corporation.....	2,368	5,537	
New Crops Insurance Program.....	5,106	-	
Oil and Gas Environmental Fund.....	2,265	2,182	
Public Employees Dental Fund	1,670	635	
Public Employees Pension Plan.....	2,545	2,247	
Public Trustee's Trust Account.....	1,707	2,466	
Queen's Bench Court Accounts.....	5,908	6,348	
Saskatchewan Crop Insurance Corporation.....	151,597	72,051	
Saskatchewan Grain Car Corporation.....	6,411	5,775	
Saskatchewan Health Information Network.....	16,350	-	
Saskatchewan Student Aid Fund - General.....	36,106	18,302	
- Lender Financing Transfer Account.....	11,541	21,484	
School Division Tax Loss Compensation Fund.....	1,129	760	
Other.....	11,023	11,511	
Conditional Receipts.....	4,760	12,081	
Total Deposits Held	\$ 671,243	\$ 659,590	

General Revenue Fund

Schedules to the Financial Statements

Schedule 6 - Debt

	(thousands of dollars)					1997	
	1998			Less Sinking Funds ¹	Debt		
	Promissory Notes	Debentures					
Crown Corporation Purposes							
Agricultural Credit Corporation of Saskatchewan.....	\$ -	270,208	\$ 145,474	\$ 124,734	\$ 210,464		
Crown Investments Corporation of Saskatchewan.....	-	669,602	307,774	361,828	570,305		
Municipal Financing Corporation of Saskatchewan.....	-	79,667	-	79,667	79,667		
Saskatchewan Housing Corporation.....	-	202,818	-	202,818	263,819		
Saskatchewan Opportunities Corporation.....	43,684	45,000	-	88,684	68,433		
Saskatchewan Power Corporation.....	-	1,976,737	234,434	1,742,303	1,901,449		
Saskatchewan Telecommunications Holding Corporation.....	34,700	397,661	89,805	342,556	347,839		
Saskatchewan Water Corporation.....	-	41,293	1,463	39,830	40,991		
SaskEnergy Incorporated.....	-	733,150	33,825	699,325	705,569		
Total Crown Corporation Purposes	78,384	4,416,136	812,775	3,681,745	4,188,536		
General Government Purposes							
Debt ²	\$ 163,560	\$ 12,465,435	\$ 1,075,249	\$ 11,553,746	\$ 12,285,921		

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

¹ See Schedule 7 for information on sinking funds.

² See Schedule 8 for information on debt by maturity.

General Revenue Fund

Schedules to the Financial Statements

Schedule 7 - Sinking Funds

	(thousands of dollars)					
	1997	Sinking Funds	Contributions	Earnings	Less Redemptions	
Crown Corporation Purposes						
Agricultural Credit Corporation of Saskatchewan.....	\$ 59,744	\$ 80,100	\$ 5,630	\$ -	\$ 145,474	
Crown Investments Corporation of Saskatchewan.....	188,129	119,780	15,060	15,195		307,774
Saskatchewan Power Corporation.....	207,629	27,288	22,445	22,928		234,434
Saskatchewan Telecommunications Holding Corporation.....	88,745	3,165	9,229	11,334		89,805
Saskatchewan Water Corporation.....	1,839	605	156	1,137		1,463
SaskEnergy Incorporated.....	26,981	3,729	3,115	-		33,825
Total Crown Corporation Purposes	573,067	234,667	55,635	50,594		812,775
General Government Purposes						
	197,115	41,265	24,094	-		262,474
Total Sinking Funds	\$ 770,182	\$ 275,932	\$ 79,729	\$ 50,594	\$ 1,075,249	

The market value of sinking funds at March 31, 1998 is \$1,153.7 million (1997 - \$814.1 million).

Sinking Fund earnings include gains on investment sales of \$14.7 million (1997- \$5.8 million).

The total sinking fund assets are disclosed net of \$2.7 million in liabilities (1997- \$1.7 million).

Annual contributions, when established by Order in Council, are set at not less than one per centum of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

	(thousands of dollars)
1998-99.....	\$ 58,642
1999-2000.....	61,059
2000-01.....	60,127
2001-02.....	60,219
2002-03.....	60,219
	\$ 300,266

Sinking Fund assets are as follows:

	(thousands of dollars)	
	1998	1997
Long-term Investments		
Province of Saskatchewan securities, coupon interest range, 5.5% to 13.0%; range of term to maturity, .4 to 27.2 years.....	\$ 628,111	\$ 406,375
Government of Canada securities, coupon interest range, 5.0% to 11.75%; range of term to maturity, .65 to 25.3 years.....	105,766	33,281
Other provincial governments' securities, coupon interest range, 5.75% to 11.25%; range of term to maturity, 1.55 to 31 years.....	193,978	131,946
Corporate and municipal securities.....	-	200
Government of the United States securities, coupon interest rate, 6.875%; term to maturity 27.5 years.....	1,490	6,246
Other.....	145,904	192,134
Total Sinking Funds	\$ 1,075,249	\$ 770,182

Included are U.S. dollar long-term investments converted to \$173.5 million Canadian (1997- \$115.6 million) at the exchange rate in effect at March 31, 1998, 1.4166 (March 31, 1997, 1.3843).

General Revenue Fund

Schedules to the Financial Statements

Schedule 8 - Debt by Maturity

(thousands of dollars)

Year of Maturity	1998			1997		
	Canadian Dollar Debt	U. S. Dollar Debt (CDN \$)	Total (CDN \$)	Average Interest Rate	Total (CDN \$)	Average Interest Rate
1997-98.....	\$ -	\$ -	\$ -	-	\$ 828,340	7.69%
1998-99.....	1,257,246	-	1,257,246	8.78%	1,123,434	9.27%
1999-2000.....	1,228,810	-	1,228,810	8.43%	1,283,552	8.48%
2000-2001.....	1,298,101	-	1,298,101	10.44%	1,421,555	10.52%
2001-2002.....	896,070	-	896,070	7.31%	937,640	8.41%
2002-2003.....	1,023,491	-	1,023,491	10.26%	-	-
1 - 5 years	5,703,718	-	5,703,718		5,594,521	
6-10 years.....	2,407,929	345,650	2,753,579	9.00%	3,179,907	9.93%
11-15 years.....	1,015,925	566,640	1,582,565	10.60%	1,098,058	9.24%
16-20 years.....	590,873	424,980	1,015,853	9.31%	1,636,177	8.70%
21-25 years.....	265,000	1,133,280	1,398,280	9.10%	957,150	9.37%
26-30 years.....	175,000	-	175,000	8.75%	590,290	8.57%
	\$ 10,158,445	\$ 2,470,550	12,628,995		13,056,103	
Less: Sinking funds			1,075,249		770,182	
Debt			\$ 11,553,746		\$ 12,285,921	

The debentures in U.S. dollars have been converted to Canadian dollars at the exchange rate in effect at March 31, 1998 (1.4166) and March 31, 1997 (1.3843).

Debt includes Canada Pension Plan debentures of \$1,452.8 million (1997 - \$1,522.1 million) at a weighted average interest rate of 11.371 per cent, ranging from 9.04 per cent to 17.51 per cent. \$76.0 million (1997 - \$69.3 million) of this amount is payable within one year. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

Debt includes debentures of \$1,347.9 million (1997 - \$1,298.0 million) redeemable annually at the option of the holder or anytime on the death of the holder. \$55.1 million of this amount is payable within one year.

Included in debt are the following amounts:

- debentures totalling 22.5 billion yen (1997 - 27.5 billion) which have been fully hedged to \$259.2 million Canadian (1997 - \$305.0 million).
- debentures totalling 550.0 million U.S. dollars (1997 - 550.0 million) which have been fully hedged to \$744.9 million Canadian (1997 - \$744.9 million).
- debentures totalling 500.0 million Deutschemarks (1997 - 900.0 million) which have been fully hedged to \$374.9 million Canadian (1997 - \$616.6 million).
- debentures totalling 400.0 million Swiss francs (1997 - 650.0 million) which have been fully hedged to \$292.0 million Canadian (1997 - \$478.9 million).

General Revenue Fund Schedules to the Financial Statements

Schedule 9 - Guaranteed Debt

	(thousands of dollars)		
	1998	1997	
Crown Corporations			
The Municipal Financing Corporation Act			
Guaranteed debentures.....	\$ 4,500	\$ 8,000	
The Power Corporation Act			
National Trust Company.....	17,160	18,626	
Manalta Coal Ltd.	30,768	32,685	
Saskatchewan Power savings bonds			
Series I - series VII (matured).....	196	265	
The Saskatchewan Development Fund Act			
Guaranteed investments.....	2,141	2,390	
The Saskatchewan Telecommunications Act			
Telebonds - series I (matured).....	222	270	
Telebonds - series II.....	33,653	33,997	
Total Crown Corporations	88,640	96,233	
Other			
The Agricultural Societies Act			
Loans to exhibition associations.....	78	88	
The Community Bonds Act.....	3,287	4,266	
The Department of Economic Development Act			
Bridge City BMX Club Inc.....	-	83	
The Farm Financial Stability Act			
Breeder associations loan guarantees.....	23,629	21,002	
Feeder associations loan guarantees.....	10,097	18,941	
The Government Organization Act			
The Saskatchewan Roughriders Football Club.....	720	2,100	
The Housing and Special-care Homes Act			
Senior citizens' housing.....	326	441	
The Industry and Commerce Development Act			
Saskferco Products Inc.	199,361	236,662	
The NewGrade Energy Inc. Act			
NewGrade Energy Inc.	169,949	196,867	
Total Other	407,447	480,450	
Total Guaranteed Debt	\$ 496,087	\$ 576,683	

In addition to the amount shown, there is a contingent liability for interest accrued on certain of these items.

Total guaranteed debt is net of a loss provision of \$0.6 million (1997 - \$4.6 million).

See page 29 for additional information.

General Revenue Fund Schedules to the Financial Statements

Schedule 9 (continued) - Guaranteed Debt

National Trust Company

The government is contingently liable for payments on certain leased mining equipment, which was assumed by the purchaser of a mining operation. The lease expires in 2004.

Manalta Coal

The Government has guaranteed a \$45 million promissory note issued by Manalta to finance the purchase of a dragline from Saskatchewan Power Corporation. The note is due in 2003. The amount recorded is net of \$14.2 million (1997 - \$12.3 million) for Manalta's equity in a sinking fund administered by the Minister of Finance.

Saskferco Products Inc.

The Government has guaranteed certain medium term notes issued by Saskferco to finance the construction of a nitrogen based fertilizer plant located near Belle Plaine. This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of \$98.1 million (1997 - \$54.0 million) for Saskferco's equity in a sinking fund.

NewGrade Energy Inc. (NewGrade)

The Government has guaranteed certain long-term debt of NewGrade to a maximum of \$360 million. A significant portion of this guarantee relates to U.S. dollar denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar.

General Revenue Fund

Schedules to the Financial Statements

Schedule 10 - Revenue

(thousands of dollars)

	Budget	Actual	Actual
	1998	1998	1997
Taxation			
Corporation capital.....	\$ 260,000	\$ 267,792	\$ 242,304
Corporation income.....	241,000	217,116	231,620
Fuel.....	339,200	376,933	365,452
Individual income.....	1,270,800	1,327,582	1,277,191
Sales.....	673,200	753,043	840,962
Tobacco.....	118,100	123,631	116,869
Other	46,800	48,526	47,066
Total Taxes	2,949,100	3,114,623	3,121,464
Non-renewable Resources			
Coal.....	16,000	17,432	15,088
Natural gas.....	42,100	44,050	53,017
Oil.....	523,300	488,712	690,720
Potash.....	113,500	189,487	87,617
Uranium.....	55,600	38,493	57,946
Other.....	2,200	3,286	3,256
Total Non-renewable Resources	752,700	781,460	907,644
Transfers from Government Entities			
Crown Investments Corporation of Saskatchewan.....	50,000	50,000	50,000
- Special Dividend related to sale of Cameco Corporation shares.....	-	-	365,699
Liquor and Gaming Authority.....	394,400	350,000	-
Other enterprises and funds.....	12,200	17,794	10,238
Total Transfers from Government Entities	456,600	417,794	425,937
Other Own-source Revenue			
Fines, forfeits, and penalties.....	10,600	12,658	11,072
Interest, premium, discount, and exchange.....	21,100	30,986	22,065
Motor vehicle fees.....	94,000	98,754	94,606
Other licences and permits.....	34,800	37,894	42,065
Sales, services, and service fees.....	83,400	88,802	82,185
Transfers from other governments.....	6,300	5,798	8,622
Other.....	14,800	20,575	27,034
Total Other Own-source Revenue	265,000	295,467	287,649
Total Own-Source Revenue	4,423,400	4,609,344	4,742,694
Transfers from the Federal Government			
Canada Health and Social Transfer.....	421,000	446,361	485,860
Equalization	129,200	8,258	175,915
Other	99,800	98,500	98,770
Total Transfers from the Federal Government	650,000	553,119	760,545
Total Revenue	\$ 5,073,400	\$ 5,162,463	\$ 5,503,239

General Revenue Fund

Schedules to the Financial Statements

Schedule 11 - Loss on Loans and Investments

	(thousands of dollars)		
	1998	1997	
Other loans.....	\$ 266	\$ 358	
Loss on sale of land.....	258	78	
Total Loss on Loans and Investments	\$ 524	\$ 436	

Schedule 12 - Net Change in Non-cash Operating Activities

	(thousands of dollars)		
	1998	1997	
(Increase) Decrease in prepaid expenses.....	\$ (16)	\$ 1,353	
Decrease in accounts receivable.....	65,001	68,594	
Decrease in deferred charges.....	10,764	6,396	
(Decrease) in accounts payable and accrued liabilities.....	(90,377)	(69,011)	
Increase in unearned revenue.....	6,323	5,723	
Net Change in Non-cash Operating Activities	\$ (8,305)	\$ 13,055	

General Revenue Fund

Schedules to the Financial Statements

Schedule 13 - Investing Activities

	(thousands of dollars)			
	1998		1997	
	Receipts	Disbursements	Receipts	Disbursements
Loans				
Agricultural Credit Corporation of Saskatchewan.....	\$ -	\$ -	\$ 22,548	\$ -
Crown Investments Corporation of Saskatchewan.....	88,832	-	35,000	-
Saskatchewan Crop Insurance Corporation	-	-	176,114	31,317
Saskatchewan Housing Corporation.....	61,001	-	23,485	-
Saskatchewan Opportunities Corporation.....	24,749	45,000	-	14,707
Saskatchewan Power Corporation.....	152,335	-	256,956	-
Saskatchewan Telecommunications Holding Corporation.....	22,153	14,700	104,262	-
Saskatchewan Water Corporation.....	1,537	-	-	20,000
SaskEnergy Incorporated.....	54,400	55,000	50,000	37,300
Other.....	148,961	16,014	70,139	58,476
Total Loan Receipts and Disbursements	553,968	130,714	738,504	161,800
Sinking Funds Contributions				
	234,667	275,932	267,461	307,825
Other				
	956	26	2,035	45
Total Receipts and Disbursements	789,591	406,672	1,008,000	469,670
Net Receipts	\$ 382,919		\$ 538,330	

Summary Financial Statements

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Government of Saskatchewan Responsibility for Summary Financial Statements

The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to get reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements following the Government's stated accounting policies and using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations, agencies, and other funds to prepare these statements.

The Provincial Auditor expresses an independent opinion on these statements. His report states the scope of his audit and opinion and appears on the following page.

Treasury Board approves the Summary Financial Statements. The Minister of Finance tables the statements in the Legislative Assembly as part of the Public Accounts. The Legislative Assembly refers the Public Accounts to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.



Eric Cline
Minister of Finance



W. Davern Jones
Deputy Minister of Finance



Terry Paton
Provincial Comptroller

Regina, Saskatchewan
August, 1998

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Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the summary statement of financial assets, liabilities, and accumulated deficit of the Government of Saskatchewan as at March 31, 1998 and the summary statements of revenue, expenditure, and accumulated deficit and operating, investing and financing activities for the year then ended. These financial statements are the responsibility of Treasury Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these summary financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for governments recommended by The Canadian Institute of Chartered Accountants.



Wayne Strelioff, CA
Provincial Auditor

Regina, Saskatchewan
July 3, 1998

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Government of Saskatchewan**Summary Statement of Financial Assets, Liabilities, and Accumulated Deficit**

As at March 31, 1998

		(thousands of dollars)	
Schedule		1998	1997
Financial Assets			
1	Cash and temporary investments (note 2).....	\$ 593,641	\$ 514,796
	Prepaid expenditures.....	23,412	24,133
1	Accounts receivable.....	641,826	547,650
	Inventories held for resale.....	18,430	17,516
	Land held for resale (note 4).....	123,210	124,743
	Deferred charges.....	55,435	69,341
	Deferred foreign exchange loss.....	139,849	110,696
2	Loans receivable.....	185,310	395,652
3	Investment in government enterprises.....	2,477,753	2,400,266
4	Other investments.....	956,419	1,177,198
Total Financial Assets		5,215,285	5,381,991
Liabilities			
5	Accounts payable and accrued liabilities.....	1,265,086	1,343,603
6	Other liabilities.....	415,584	484,985
	Unearned revenue.....	115,557	97,117
7,8&9	Public debt.....	8,718,446	9,265,517
	Pension liabilities (note 6).....	3,672,260	3,530,209
Total Liabilities		14,186,933	14,721,431
Accumulated Deficit		\$ (8,971,648)	\$ (9,339,440)

(See accompanying notes)

Tangible capital assets (note 5)

Contingencies and commitments (notes 10 and 11)

10 Guaranteed debt

Government of Saskatchewan
Summary Statement of Revenue, Expenditure, and Accumulated Deficit
For the Year Ended March 31, 1998

Schedule	(thousands of dollars)	
	1998	1997 (Restated)
Revenue		
11 Taxation.....	\$ 3,115,574	\$ 3,125,368
11 Non-renewable resources.....	802,218	927,114
11 Gain on sale of investments.....	174,819	25,259
11 Other own-source revenue.....	786,956	745,584
11 Transfers from the federal government.....	675,425	852,635
Total Revenue	5,554,992	5,675,960
Expenditure		
Agriculture.....	251,218	283,578
Community development.....	151,729	147,666
Debt charges.....	1,174,794	1,223,957
Economic development.....	77,408	117,990
Education.....	867,371	852,957
Environment and natural resources	119,413	141,494
Health.....	1,760,453	1,682,100
Protection of persons and property.....	203,210	190,515
Social services and assistance.....	688,003	586,406
Transportation.....	272,699	248,453
Other.....	212,792	191,110
Total Expenditure (note 8)	5,779,090	5,666,226
(Deficit) surplus from government service organizations.....	(224,098)	9,734
3 Income from government enterprises.....	591,890	547,074
Surplus for the Year	367,792	556,808
Accumulated deficit, beginning of year.....	(9,339,440)	(9,896,248)
Accumulated Deficit, End of Year (note 7)	\$ (8,971,648)	\$ (9,339,440)

(See accompanying notes)

Government of Saskatchewan
Summary Statement of Operating, Investing, and Financing Activities

For the Year Ended March 31, 1998

(thousands of dollars)

Schedule	1998	1997
		(Restated)

Operating Activities

Surplus for the year.....	\$ 367,792	\$ 556,808
Add (deduct) non-cash items		
Income from government enterprises.....	(591,890)	(547,074)
Reclassification of government enterprises.....	-	2,305
Amortization of foreign exchange gains and losses	3,954	(6,044)
12 Gain on loans and investments.....	(218,790)	(59,422)
13 Net change in non-cash operating activities.....	69,802	484,347
Cash Provided by (Used for) Operating Activities	(369,132)	430,920

Investing Activities

Disposal of land held for resale	1,533	2,730
Acquisition of other investments.....	(37,523)	(23,928)
Disposition of other investments.....	477,092	143,310
Cash Provided by Investing Activities	441,102	122,112
Cash Provided by Operating and Investing Activities	\$ 71,970	\$ 553,032

Financing Activities

Proceeds from public debt.....	\$ 200,324	\$ 298,141
Repayment of public debt.....	(780,502)	(1,233,753)
Net Repayment of Public Debt.....	(580,178)	(935,612)
Dividends from government enterprises.....	514,403	180,459
Increase in pension and other liabilities.....	72,650	360,538
(Increase) in cash and temporary investments.....	(78,845)	(158,417)
Cash Used for Financing Activities	\$ (71,970)	\$ (553,032)

Cash and Temporary Investments

Cash and temporary investments, beginning of year.....	\$ 514,796	\$ 356,379
Increase in cash and temporary investments	78,845	158,417
Cash and Temporary Investments, End of Year	\$ 593,641	\$ 514,796

(See accompanying notes)

Government of Saskatchewan

Notes to the Summary Financial Statements

For the Year Ended March 31, 1998

1. Significant Accounting Policies

These Summary Financial Statements are prepared using accounting principles appropriate for government and reflect the following significant accounting policies:

a) Reporting entity

These financial statements report the financial activities of organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislative Assembly and which are owned or controlled by the Government.

Trusts administered by the Government are excluded from the reporting entity.

A listing of organizations included in the reporting entity is provided in schedule 14.

b) Method of consolidation

The accounts of all government organizations, except those designated as government enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described in note 1(c). These organizations are referred to as government service organizations. Significant inter-organization accounts and transactions are eliminated.

Government enterprises are defined as self-sufficient organizations that have the financial and operating authority to sell goods and services to individuals and non-government organizations as their principal activity.

Government enterprises are recorded using the modified equity method. The Government's investment, which is initially recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise without adjusting them to conform with the accounting policies described below. Inter-organization accounts and transactions are not eliminated.

Financial results of government organizations whose fiscal year-ends are not March 31 are not adjusted unless the effect of such an adjustment would be significant to the consolidated operating results.

c) Basis of accounting

The accrual basis of accounting is used and specifically expressed as follows:

Revenue

Revenues are recorded on the accrual basis except for payments from the federal government for corporate and personal income taxes, which are recorded on the cash basis.

Expenditure

Expenditures are recorded on the accrual basis and include the cost of tangible capital assets and inventories of supplies received during the year.

Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Temporary investments are recorded at cost which approximates market value.

Inventories held for resale are recorded at the lower of cost and net realizable value. *Inventories of supplies* are expensed.

Land held for resale is valued at the lower of cost or net realizable value, on an aggregate basis.

Deferred charges include issue costs and net discounts or premiums incurred on the issue of long-term debt. They are recorded at cost and amortized on a straight line basis over the remaining life of the debt issue.

Deferred foreign exchange loss includes net unrealized foreign exchange gains and losses resulting from the conversion of debentures due in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. Realized foreign exchange gains and losses are included in the surplus or deficit for the year. Unrealized foreign exchange gains and losses are amortized on a straight line basis over the remaining life of the debt issue.

Government of Saskatchewan

Notes to the Summary Financial Statements

Loans receivable are initially recorded at the cost. Where there has been a loss in value that is other than a temporary decline, the loan is written down to recognize the loss.

Other investments in bonds, debentures and mortgages are recorded at amortized cost. Other investments in shares of private and public companies, in which the Government does not exercise significant influence, are recorded at cost and dividends from these shares are recorded as income when receivable. When the Government has investments in shares and exercises significant influence but has less than a controlling interest or when the Government has joint control, the investments are accounted for by the modified equity method. Using this method, the carrying value of the investment is adjusted for the Government's share of the investee's net earnings or losses and reduced by dividends received from these shares. Other investments are written down to their fair value when there is evidence of a permanent decline in their value.

Tangible capital assets held by government service organizations are recorded as an expenditure in the period acquired. Capital assets held by government enterprises, as disclosed on schedule 3, are generally recorded at cost and amortized on a straight line basis over the estimated productive life of each asset.

Liabilities

Reported liabilities include obligations to outside organizations and individuals as a result of transactions and events occurring prior to year end. They are the result of financial obligations to repay borrowings or to pay for goods and services acquired prior to year end, and of revenue, received or receivable, where goods or services will be delivered in the future.

Unearned revenue is revenue that will be earned in a subsequent fiscal year and includes revenue for Crown mineral leases, licence and service fees and restricted funding from other organizations.

Public debt consists of promissory notes, debentures and annuities of government service organizations which are recorded net of amounts reimbursable from government enterprises. Public debt is recorded at par. Premiums, discounts and issue costs are recorded as deferred charges and amortized on a straight line basis over the remaining life of the debt issue.

Certain debenture issues require contributions to a sinking fund. These obligations are recorded at principal less sinking fund balances where applicable. Premiums and discounts on long-term investments within the sinking fund are amortized by the type of security on a constant yield basis.

Where borrowing is used to finance loans to government enterprises, all expenses are charged directly to government enterprises.

Pension liabilities are calculated using the projected benefit method prorated on services. Pension fund assets are valued at market related values. Changes in the pension liabilities as a result of estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight line basis over the expected average remaining service life of the related employee group. Gains or losses as a result of plan amendments are recognized in the period of the plan amendment.

Guaranteed debt includes guarantees of the Government made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expenditure in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

2. Cash and Temporary Investments

Temporary investments are generally for less than 30 days, and have an average effective interest rate of 4.79 per cent.

3. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accrual of pension obligations, non-renewable resources royalties, and the federal government's Equalization and Canada Health and Social Transfer and in the valuation of loans where repayment is contingent upon an organization's cash flows. The uncertainty arises from factors such as the effect on accrued pension obligations of actual experience compared to actuarial estimations and assumptions; the effect on accrued royalties of price and production sensitivities in the royalty structures; the effect on transfers from the federal government of changes in economic and demographic conditions in the Province and the country; and the effect of commodity prices on cash flows. Management considers that it is

Government of Saskatchewan

Notes to the Summary Financial Statements

reasonably possible that changes in future conditions in the near term could require a material change in the amounts recognized. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

4. Land Held for Resale

The estimated net realizable value of the Government's land held for resale at March 31, 1998 is \$234.0 million (1997 - \$223.6 million).

5. Tangible Capital Assets

The Government has a significant investment in tangible capital assets that have a useful life of greater than one year. For government service organizations, tangible capital assets are recorded as an expenditure in the period acquired and are not included in the Statement of Financial Assets, Liabilities, and Accumulated Deficit. These assets are a key component in the delivery of government programs and provide on-going value to the public.

In the current year, government service organizations acquired tangible capital assets costing \$135.3 million (1997 - \$158.4 million). The following table includes the tangible capital assets held by government service organizations.

	(thousands of dollars)							1997 (Restated)	
	1998								
	Land	Buildings	Machinery & Equipment	Vehicles	Capital Leases	Other ¹	Total		
<i>Estimated useful life</i>	<i>Indefinite</i>	<i>3 - 50 years</i>	<i>2 - 20 years</i>	<i>3 - 15 years</i>	<i>Varies</i>	<i>2 - 20 years</i>			
Opening cost	\$69,695	\$1,481,683	\$416,374	\$143,271	\$69,052	\$98,762	\$2,278,837	\$2,152,927	
Additions	957	21,448	35,466	10,355	-	67,082	135,308	158,404	
Disposals	(926)	(8,161)	(14,778)	(10,976)	(2,366)	(4,550)	(41,757)	(32,494)	
Closing cost of tangible capital assets	69,726	1,494,970	437,062	142,650	66,686	161,294	2,372,388	2,278,837	
Opening accumulated amortization	-	379,798	281,023	74,386	35,339	13,736	784,282	710,554	
Annual amortization	-	46,689	37,391	8,362	3,223	6,416	102,081	96,279	
Write-downs	-	-	140	-	-	367	507	(4,350)	
Disposals	-	(3,390)	(12,207)	(8,123)	(4,598)	(2,164)	(30,482)	(18,201)	
Closing accumulated amortization	-	423,097	306,347	74,625	33,964	18,355	856,388	784,282	
Net Book Value of Tangible Capital Assets	\$69,726	\$1,071,873	\$130,715	\$68,025	\$32,722	\$142,939	\$1,516,000	\$1,494,555	

¹ Includes: construction in progress, computer software, furniture, aircraft and other tangible capital assets.

Reporting policies are currently being developed, and information gathered, for other tangible capital assets. This includes infrastructure such as highways and land acquired for public use.

6. Pension Liabilities

The Government of Saskatchewan sponsors several defined benefit and defined contribution pension plans for a significant number of its employees and for members of the Legislative Assembly.

Defined benefit pension plans provide benefits based on length of service and pensionable earnings. A typical defined benefit pension plan provides pensions equal to 2 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their pension plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Actuarial valuations are performed at least triennially. These valuations are extrapolated by an actuary when a valuation is not done in the current fiscal year. Valuations are based on a number of assumptions about future events, such as inflation rates, interest rates,

Government of Saskatchewan

Notes to the Summary Financial Statements

wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. The long-term inflation rate is estimated between 3.75 and 4.00 per cent, other estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on actual market values averaged over a five year period. In the periods between valuations, the actuary estimates the market related value of pension fund assets using expected long-term rates of return for the individual plans.

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government matches employee current service contributions.

Pension fund assets of government sponsored defined benefit and defined contribution pension plans are invested in fixed income securities, equities, real estate and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

a) Government Service Organizations

Defined benefit pension plans

The two main plans of government service organizations are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Members of the Legislative Assembly Superannuation Plan (MLA), Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan and the Public Employees (Government Contributory) Annuity Fund, which continues effective July 1, 1997 as the Saskatchewan Pension Annuity Fund, an annuity underwriting operation.

The TSP provides inflation protection equal to 80.0 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

The Government is required to match member current service contributions for all plans except Judges and the PSSP. Separate pension funds are maintained for all plans except the PSSP. PSSP member contributions are deposited into the General Revenue Fund. All pension obligations arising under the PSSP are paid from the General Revenue Fund.

Information on the defined benefit pension plans of government service organizations follows:

	1998				1997
	TSP	PSSP	All Others	Total	Total
Plan status	closed	closed	closed ¹	n/a	n/a
Member contribution rate, percentage of salary	7.85	7.0 - 9.0 ²	5.0 - 9.0 ²	n/a	n/a
Number of active members	8,094	2,490	101	10,685	10,903
Average age of active members, years	46.8	49.5	53.2	47.5	47.3
Former members entitled to deferred pension benefits	18,926	154	12	19,092	19,018
Number of superannuates and surviving spouses	8,105	5,874	1,606	15,585	15,541
Member contributions (thousands of dollars)	\$ 21,361	\$ 6,787	\$ 362	\$ 28,510	\$ 32,272
Government contributions (thousands of dollars)	102,639	—	3,333	105,972	115,168
Benefits paid (thousands of dollars)	178,163	86,913	5,695	270,771	253,886

¹Judges is open to new membership, all other plans are closed.

²Contribution rate varies based on age.

Government of Saskatchewan

Notes to the Summary Financial Statements

Based on the latest actuarial valuation, extrapolated to March 31, 1998, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below:

Plan Name	Actuarial Valuation Date	Accrued Benefit Obligation	Pension Fund Assets	Net Obligation	Unamortized Estimation Adjustments ¹	(thousands of dollars)	
						1998	1997
TSP ²	Jun. 30/95	\$ 3,596,000	\$ 1,286,000	\$ 2,310,000	\$ 107,285	\$ 2,417,285	\$ 2,301,639
PSSP	Dec. 31/96	1,266,632	—	1,266,632	(71,636)	1,194,996	1,174,690
Others	Various	150,045	87,383	62,662	(2,683)	59,979	53,880
Total		\$ 5,012,677	\$ 1,373,383	\$ 3,639,294	\$ 32,966	\$ 3,672,260	\$ 3,530,209

¹Amortized to income over 3 - 13 years (1997, 3 - 13 years), the estimated average remaining service life of active plan members at the time the estimation adjustment arises.

²The TSP accrued benefit obligation includes a liability of \$60.0 million (1997 - \$60.0 million) relating to the TSP disability provision.

At March 31, 1998 the market value of plan investments was \$1.8 billion (1997 - \$1.5 billion). Of this amount, 48.4 per cent (1997 - 48.3 per cent), was invested in fixed income securities and 47.2 per cent (1997 - 46.5 per cent) in equity investments.

Defined contribution pension plans

The two main multi-employer defined contribution pension plans sponsored by the Government are the Public Employees (Government Contributory) Superannuation Plan which continues July 1, 1997 as the Public Employees Pension Plan (PEPP) and the Capital Pension Plan (Capital). The Government matches employee current service contributions to these plans. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP), sponsored by the Saskatchewan Teachers' Federation. The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution pension plans of government service organizations follows:

	1998				1997	
	Government Sponsored	PEPP	Capital	STRP	Total	Total
Plan status		open	open	n/a	n/a	n/a
Member contribution rate, percentage of salary		5.0	5.5	n/a	n/a	n/a
Number of active government service organization members	14,177		604	n/a	14,781	13,509
Number of inactive members	4,860		12	n/a	4,872	4,672
Member contributions (thousands of dollars)	\$ 20,956	\$ 1,276		n/a	\$ 22,232	\$ 23,341
Government contributions (thousands of dollars)	20,123	962		\$ 16,568	37,653	38,379

Government of Saskatchewan

Notes to the Summary Financial Statements

Pension expenditure

Pension expenditure for government service organizations is reported in the Summary Statement of Revenue, Expenditure, and Accumulated Deficit in both education expenditure and other expenditure. Pension interest expenditure is reported in debt charges. The total pension related expenditure of government service organizations includes the following:

	(thousands of dollars)	
	1998	1997
Defined benefit pension plans:		
Current period benefit cost	\$ 100,019	\$ 85,667
Amortization of estimation adjustments	(14,546)	(17,449)
	85,473	68,218
Employee contributions	(28,510)	(32,061)
Pension expenditure	56,963	36,157
Cost of financing unfunded pension obligation (pension interest expenditure)	271,186	258,247
Total pension related expenditure, defined benefit plans	328,149	294,404
Defined contribution pension plans:		
Total pension related expenditure, defined contribution plans	37,653	38,379
Total pension related expenditure	\$ 365,802	\$ 332,783

b) Government Enterprises

Defined benefit pension plans

The two main defined benefit pension plans of government enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Superannuation Plan (SaskTel). Other pension plans include Saskatchewan Government Insurance Superannuation Plan, Liquor Board Superannuation Plan, and the Workers' Compensation Board Superannuation Plan.

Effective January 1, 1997, the contribution rate for certain members of SaskPower decreased 1%.

The Government contributes the amount necessary to fund the payment of pension benefits.

At December 31, 1997, the market value of plan investments was \$1.4 billion (1997 - \$1.3 billion). Of this amount, 41.9 per cent (1997 - 46.0 per cent) was invested in fixed income securities and 45.0 per cent (1997 - 42.6 per cent) in equity investments.

Information on the defined benefit pension plans of government enterprises follows:

	1998				1997
	SaskPower	SaskTel	Others	Total	Total
Plan status	closed	closed	closed	n/a	n/a
Member contribution rate, percentage of salary	6.0 - 9.0 ¹	7.0 - 9.0 ²	7.0 - 9.0 ²	n/a	n/a
Number of active members	764	1,095	210	2,069	2,330
Number of former members, superannuates and surviving spouses	1,721	1,398	488	3,607	3,473
Member contributions (thousands of dollars)	\$ 1,981	\$ 3,490	\$ 458	\$ 5,929	\$ 6,527
Government contributions (thousands of dollars)	600	46	1,950	2,596	3,729
Benefits paid (thousands of dollars)	36,734	29,197	6,310	72,241	67,862

¹Contribution rate varies based on age and employee group.

²Contribution rate varies based on age.

Government of Saskatchewan

Notes to the Summary Financial Statements

Based on the latest actuarial valuations extrapolated to December 31, 1997, the present value of accrued pension benefits and the market related value of pension fund assets are shown in the table below.

Plan Name	Actuarial Valuation Date	1998		1997	
		Accrued Benefit Obligation	Pension Fund Assets	Pension (Surplus) Liability	Pension (Surplus) Liability
SaskPower	September 30, 1997	\$ 573,784	\$ 631,588	\$ (57,804)	\$ (24,667)
SaskTel	December 31, 1995	569,098	674,773	(105,675)	(58,108)
Others	Various	105,077	81,514	23,563	24,433
Total		\$ 1,247,959	\$ 1,387,875	\$ (139,916)	\$ (58,342)

Defined contribution pension plans

Information on the defined contribution pension plans of government enterprises follows:

Plan status	PEPP	1998		1997	
		Capital	Total	Total	Total
Member contribution rate, percentage of salary	5.0	5.5	n/a	n/a	n/a
Number of active members	6,731	1,690	8,421	7,386	
Number of inactive members	1,498	57	1,555	1,450	
Member contributions (thousands of dollars)	\$ 12,605	\$ 3,006	\$ 15,611	\$ 14,701	
Government contributions (thousands of dollars)	13,413	2,983	16,396	14,338	

Pension expense

Pension expense and pension interest expense for government enterprises are reported in the Summary Statement of Revenue, Expenditure, and Accumulated Deficit as a component of income from government enterprises.

7. Reserves

The accumulated deficit of \$8,971.6 million consists of an unallocated deficit component of \$8,983.5 million and the Environmental Protection Reserve of \$11.9 million. The Environmental Protection Reserve was created to provide contingency funding to mitigate unforeseen environmental problems related to uranium milling. The reserve is maintained at its March 31, 1992 balance.

Government of Saskatchewan

Notes to the Summary Financial Statements

8. Expenditures by Object

Expenditures by object are reported as follows:

	(thousands of dollars)	
	1998	1997
	(Restated)	
Transfers	\$ 2,301,865	\$ 2,253,201
Debt charges	1,174,794	1,223,957
Salaries and benefits	1,176,253	1,121,837
Operating costs	852,329	717,045
Tangible capital asset acquisitions	135,308	158,404
Other	138,541	191,782
Total Expenditures	\$ 5,779,090	\$ 5,666,226

9. Comparison of Planned to Actual Results

A comparison of planned to actual surplus is as follows:

	(thousands of dollars)	
	1998	1997
	Planned	Actual
General Revenue Fund surplus for the year	<u>\$ 24,133</u>	\$ 35,212
Government enterprises' income for the year		591,890
Other government service organizations' surplus for the year		394,860
Dividends received from government organizations included in the surplus figures above		(564,403)
Adjustments to conform to the basis of accounting described in note 1(b)		(89,767)
Surplus for the Year	\$ 367,792	\$ 556,808

The planned and actual figures are before elimination of inter-organization transactions.

10. Contingencies

a) Guaranteed debt

At March 31, 1998, \$626.6 million (1997 - \$791.7 million) in loans were guaranteed by the Government. Schedule 10 provides a listing of guaranteed debt.

b) Lawsuits

Up to \$91.5 million may be paid depending on the outcome of lawsuits in progress.

c) Indian and Northern Affairs Canada

The Government pays for certain social services provided to status Indians and submits claims to the federal government for the cost of these services. The Government believes these costs are the responsibility of the federal government and believes they are fully reimbursable. However, the federal government denies responsibility for a portion of these costs.

The Government is unable to determine whether or not the outstanding amounts will be reimbursed. The Government will account for any recovery resulting from the resolution of this contingency at the time of settlement. No provision for such a recovery has been made in these financial statements.

d) Gross Revenue Insurance Plan (GRIP)

Legal actions against the Government for breach of contract with respect to the change from the 1991 GRIP program to the 1992 revenue insurance program were settled in favour of the Government. An appeal to this decision is being made. The institution of The

Government of Saskatchewan

Notes to the Summary Financial Statements

Farm Income Legislation Amendment Act 1992 effectively extinguished any cause of action.

e) Other

Other contingencies of \$1.4 million may be paid depending on the outcome of future events.

11. Commitments

Major financial commitments include:

- forward purchase commitments of \$1,756.0 million for coal contracted for future minimum deliveries valued at current prices;
- forward purchase commitments of approximately \$2,000.0 million for power over the next 25 years;
- treaty land entitlement agreement commitments valued at approximately \$138.6 million;
- other commitments including capital expenditure commitments valued at approximately \$632.8 million including commitments of \$71.1 million for agriculture capital projects, \$100.0 million for health capital projects, \$79.2 million for transportation capital projects and \$20.7 million for community development capital projects; and,
- capital and operating lease obligations as follows:

	(thousands of dollars)	
	Operating	Capital
Future minimum lease payments		
1998-99	\$ 51,002	\$ 12,722
1999-2000	49,635	12,411
2000-01	43,867	11,723
2001-02	35,454	11,404
2002-03	31,845	11,068
Thereafter	31,701	68,952
	243,504	128,280
Less: Interest and executory costs	-	(72,970)
Total Lease Obligations	\$ 243,504	\$ 55,310

Total operating lease obligations include \$147.4 million for government service organizations and \$96.1 million for government enterprises.

Total capital lease obligations relate entirely to government service organizations (schedule 5).

12. Trust Funds

Trust funds are property held and administered on behalf of beneficiaries. Trust assets are not owned by the Government and the Government has no equity in the funds. Therefore, trust funds are not included in the reporting entity.

Fund balances held and administered by the Government at March 31, 1998, were as follows:

	(thousands of dollars)	
	1998	1997 (Restated)
Superannuation funds and pension plans ¹	\$ 6,452,050	\$ 5,556,031
Public Trustee's Trust Account	131,704	115,661
Other trusts	53,380	49,083
Total Trust Funds	\$ 6,637,134	\$ 5,720,775

¹ Reflects the latest audited financial statements of the funds and plans closest to March 31, 1998.

Government of Saskatchewan Notes to the Summary Financial Statements

13. Subsequent Events

a) HARO Financial Corporation (HARO)

On May 26, 1998, it was announced that Canada Life and Crown Life had signed a memorandum of understanding whereby Canada Life will acquire Crown Life's individual and group insurance operations in Canada. As part of this transaction, the Government will receive repayment of their \$149.5 million convertible debenture from HARO. Repayment of the convertible debenture is expected by December 31, 1998. The balance of the Government's investment in HARO is expected to be recovered over the next five years.

14. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The Government may experience the effects of the Year 2000 Issue before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations.

The Government is working to mitigate any potential effects that may be experienced in critical business systems due to the Year 2000 Issue. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved. However, any potential costs associated with modifying computer systems for the year 2000 are not expected to have a material adverse affect on the Government's financial condition.

15. Comparative Figures

Certain of the 1997 comparative figures have been reclassified to conform with the current year's presentation.

Government of Saskatchewan

Schedules to the Summary Financial Statements

For the Year Ended March 31, 1998

Schedule 1 - Accounts Receivable

	(thousands of dollars)		
	1998		1997
Bi-Provincial Upgrader Joint Venture share proceeds.....	\$ 155,000	\$ -	-
Taxation.....	135,549		139,842
Non-renewable resources.....	70,014		134,159
Transfers from the federal government.....	45,600		58,616
Leases and farm loans.....	14,339		19,446
Insurance premiums due from agriculture producers.....	10,521		15,356
Accrued interest.....	8,560		7,253
Other.....	202,243		172,978
Total Accounts Receivable	\$ 641,826	\$	547,650

Schedule 2 - Loans Receivable

	(thousands of dollars)		
	1998		1997
Agricultural loans			
Capital loan program.....	\$ 136,567	\$ 176,205	
Livestock cash advance program.....	12,219		24,547
Production loan program.....	10,103		28,908
Counselling and Assistance for Farmers program.....	4,163		6,941
Investment loan program.....	4,098		16,339
Spring seeding loan program.....	260		810
Crop Sector Companion Program.....	-		106,245
Other.....	7		7
	167,417	360,002	
Provision for losses.....	(46,412)		(56,846)
	121,005	303,156	
Student loans	57,208	77,950	
Provision for losses.....	(22,137)		(25,845)
	35,071	52,105	
Housing mortgages and loans	9,653	17,354	
Other	19,581	23,037	
Total Loans Receivable	\$ 185,310	\$	395,652

See page 53 for additional information.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 2 (continued) - Loans Receivable

Capital loan program

Loans are repayable over terms not exceeding twenty-five years and bear interest at rates between 6 per cent and 13 1/2 per cent. Security on individual loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Livestock cash advance program

Effective August 1, 1993, clients with livestock cash advances began repaying their loans, bearing interest at the bank prime rate plus 2 per cent, over a maximum five year period. The loans are secured by promissory notes and, where applicable, by guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Production loan program

Production loans were disbursed in 1986 bearing interest at 6 per cent repayable in equal principal instalments over a term of three years. Amounts in arrears are at prime plus 2 per cent. Program amendments allowed borrowers to reschedule their outstanding loans at 9 3/4 per cent to mature in 1997. The loans are secured by promissory notes and, where applicable, by guarantees and general security agreements. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Counselling and Assistance for Farmers program

Effective August 1, 1992, the Government no longer issued new guarantees under this program. Existing guarantees were renewed until March 31, 1995, at which time the program was terminated. The majority of loans are in default, have judgements obtained on them and bear interest at 5 per cent. The loans are secured by way of an assignment of security from the original lender.

Investment loan program

Investment loans bear interest at rates between 8 1/2 per cent and 10 1/2 per cent and are repayable over terms not exceeding twenty-five years. Security on the loans varies and may include mortgages on real property, security agreements and guarantees. The program operates under *The Agricultural Credit Corporation of Saskatchewan Act*.

Spring seeding loan program

During the 1992 fiscal year, the Government paid out \$48.6 million to honour guarantees on loans granted by financial institutions under this program. The loans assumed by the Government bear interest at prime plus 2 per cent and are secured by promissory notes and, where applicable, by guarantees and general security agreements. The loans are assumed pursuant to *The Agricultural Credit Corporation of Saskatchewan Act*.

Crop Sector Companion Program

The program is a farm safety net package created as a result of a federal-provincial agreement signed in September of 1995. The program was introduced as a transitional safety net feature and provides coverage for the 1995 and 1996 calendar years. It is administered by the federal government with costs of the program shared between the federal government and the Province.

The federal and Provincial governments make contributions into the program fund. These contributions bear interest at 90 per cent of the average of the weekly three-month treasury bill tender rate. Payments are made from the program fund to producers.

Student loans

The program operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest free for a six-month period following discontinuance of studies or graduation. Interest relief grants, which extend the interest-free period for up to 18 months, are provided to qualified applicants. Interest rates are prescribed by the Minister of Post-Secondary Education and Skills Training. Special incentive loan remission and/or loan forgiveness is granted to all students who meet specific criteria.

A Risk Sharing Student Loans Agreement between the Government and a bank was signed March 12, 1996. This Agreement covers loans approved between August 1, 1996 and July 31, 2001. The Government retains responsibility for loan approval. Loans approved are lender-financed, disbursed, managed and collected by the bank. The Government pays a risk premium of 5 per cent to the bank when loans become repayable.

Housing mortgages and loans

Housing mortgages and loans were provided pursuant to provisions of Section 15 of *The Saskatchewan Housing Corporation Act*. The loans and mortgages are repayable, at various interest rates, over terms not exceeding thirty-five years. Security on the loans and mortgages may include promissory notes or charges against residential property.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 3 - Investment in Government Enterprises

	SaskEnergy Incorporated Dec. 31, 1997	Saskatchewan Power Corporation Dec. 31, 1997	Saskatchewan Telecom- munications Holding Corporation Dec. 31, 1997	Saskatchewan Liquor and Gaming Authority Mar. 31, 1998	Saskatchewan Gaming Corporation Mar. 31, 1998
Assets					
Cash and temporary investments					
Due from government organizations.....	\$				
Other.....		(1,289)	79,085	(7,687)	3,390
574					10,774
Accounts receivable					
Due from government organizations.....					
Other		72,769	121,914	110,960	9,661
5,017					205
Inventories.....					
Prepaid expenses.....		4,740	83,029	29,442	426
Long-term investments					
In the Province					
Other.....					
974					
Capital assets.....		972,444	2,804,320	933,050	29,492
Other assets					
Due from government organizations.....					
Other.....		71,805	155,471	47,506	822
25,056					1,279
Total Assets		1,120,469	3,248,836	1,147,160	442,437
Liabilities					
Accounts payable and accrued liabilities					
Due to government organizations.....		20,961	71,982	5,647	11,595
Other.....		54,843	84,641	101,366	6,402
21,700					2,754
Dividends payable to government organizations.....					
Debt					
Owing to government organizations.....		697,284	1,686,873	338,768	
Other.....		4,816	201	42,719	
2,194					31,073
Unearned revenue					
Received from government organizations.....					
Other.....		63,686	255,784	23,852	
Unpaid insurance claims.....					
Other liabilities.....					
Total Liabilities		865,484	2,172,110	548,923	24,973
Net Assets (Liabilities)	\$	254,985	1,076,726	598,237	417,464
Revenue					
Revenue from operations.....	\$	345,904	905,798	663,902	522,728
Transfers from government organizations.....		7,891	16,191	29,222	3,078
Total Revenue		353,795	921,989	693,124	525,806
Expenses					
Expenses from operations.....		225,265	574,772	542,301	241,084
Transfers to government organizations.....		89,086	215,165	54,524	
Total Expenses³		314,351	789,937	596,825	241,084
Income (loss) before non-recurring items.....		39,444	132,052	96,299	284,722
Non-recurring items.....				(55,665)	11,595
Net Income (Loss) for the Year		39,444	132,052	40,634	284,722
Net assets (deficiency) -					11,595
beginning, as previously reported.....		165,710	357,310	344,174	482,073
Restatement of prior years.....					669
Dividends to government organizations.....		(21,700)	(72,629)	(36,571)	(350,000)
Reclassification.....					(11,595)
Equity advances/share capital.....		71,531	659,993	250,000	
Net Assets (Deficiency) - End of Year	\$	254,985	1,076,726	598,237	417,464

See page 56 for additional information.

¹ Adjustments include:

- reclassifying dividends paid by March 31, 1998;
- reversing the write-off of deferred financing costs reported by Saskatchewan Power Corporation;

Municipal Financing Corporation of Saskatchewan	Saskatchewan Government Insurance	Saskatchewan Auto Fund	Workers' Compensation Board (Saskatchewan) ²	Other Government Enterprises	Adjustments ¹	Total 1998	Total 1997 (Restated)
Dec. 31, 1997	Dec. 31, 1997	Dec. 31, 1997	Dec. 31, 1997				
	3,663	4,565				\$ 394,434	\$ 498,010
68,703	26,983	34,586	62,476	(96)	(152,808)	124,117	50,389
	2,263					2,837	-
1,892	34,655	17,283	22,383	206		391,928	402,870
	33,922	8,766		15		25,005	19,402
	4,268	11,764	20,152			160,692	160,517
43,960	223,814	424,443	611,355	4		37,158	110,223
	21,942	33,899	31,308	245		1,328,632	1,229,152
						4,859,249	4,917,217
						-	-
					7,579	284,462	266,144
114,555	351,510	535,306	747,674	374	(145,229)	7,608,514	7,653,924
1,527	6,371	16,770	4,522			139,375	125,482
27	13,512	14,626	19,817	1,631		299,619	334,289
	21,908				(152,808)	-	-
79,667						2,802,592	2,970,069
4,500						83,309	90,747
						2,194	-
86,600	144,022					573,944	521,032
111,124	487,742	556,740				1,155,606	1,143,779
3,457		52,094				74,122	68,260
85,721	242,972	663,160	633,173	1,631	(152,808)	5,130,761	5,253,658
28,834	108,538	(127,854)	114,501	(1,257)	7,579	\$ 2,477,753	\$ 2,400,266
8,479	179,807	417,291	222,838	1,671		\$ 3,311,509	\$ 3,277,606
		1,103	14,111			71,596	95,906
8,479	179,807	418,394	236,949	1,671	-	3,383,105	3,373,512
944	149,241	412,478	156,406	1,883	230	2,336,100	2,307,708
7,997	6,223	21,128	4,522			398,645	448,473
8,941	155,464	433,606	160,928	1,883	230	2,734,745	2,756,181
(462)	24,343	(15,212)	76,021	(212)	(230)	648,360	617,331
				(805)		(56,470)	(70,257)
(462)	24,343	(15,212)	76,021	(1,017)	(230)	591,890	547,074
29,296	51,103	(112,642)	38,480	(241)	8,471	1,363,734	943,939
	(21,908)				(669)	-	-
						(514,403)	(180,459)
						-	53,180
						-	-
	55,000			1	7	1,036,532	1,036,532
28,834	108,538	(127,854)	114,501	(1,257)	7,579	\$ 2,477,753	\$ 2,400,266

² Net assets are restricted as disclosed in the narrative portion of this schedule on the pages following.

³ Total expenses include debt charges of \$299.0 million, of which \$269.0 million were paid to government organizations.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 3 (continued) - Investment in Government Enterprises

SaskEnergy Incorporated (SaskEnergy)

SaskEnergy promotes, transports, stores and distributes natural gas in Saskatchewan.

Saskatchewan Power Corporation (SaskPower)

SaskPower generates, purchases, transmits, distributes and sells electricity and related products and services.

Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of voice, data, Internet, wireless, text and image products, systems and services. Its membership in the Stentor group of companies enables it to extend services throughout Canada and to connect its customers to the rest of the world.

Saskatchewan Liquor and Gaming Authority (SLGA)

SLGA's main functions are to control the manufacturing and distribution of beverage alcohol throughout the Province, to oversee the licensing of all establishments selling alcohol in the Province, and to maintain the integrity of all licensed gaming while ensuring maximum benefit to Saskatchewan charities.

Saskatchewan Gaming Corporation (SGC)

SGC's mandate is to operate and manage casinos in Saskatchewan.

Municipal Financing Corporation of Saskatchewan (MFC)

MFC assists municipalities in financing their capital requirements.

Saskatchewan Government Insurance (SGI) & Saskatchewan Auto Fund (Auto Fund)

SGI's competitive general insurance business, known as SGI CANADA, offers home, tenant, farm, automobile extension, and commercial coverages.

The Auto Fund, the Province's compulsory vehicle insurance program, is administered by SGI on behalf of the Government. Any net assets of the Auto Fund are for the future benefit of Saskatchewan's motoring public and are not used for the payment of dividends to the General Revenue Fund.

Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation insurance to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for the payment of dividends to the General Revenue Fund.

Other Government Enterprises

Other government enterprises includes the following:

- **Saskatchewan Government Growth Fund Management Corporation (SGGF)**

SGGF participates in the federal government's Immigrant Investor Program to acquire lower cost capital for investment in Saskatchewan on commercial terms. Under this program, SGGF manages venture capital funds raised through four subsidiary fund companies.

- **Saskatchewan Forest Products Corporation (SFPC)**

SFPC ceased to have active business operations April of 1995, upon the execution of a sales agreement which facilitated the formation of Saskfor MacMillan Limited Partnership, a partnership between the Government and MacMillan Bloedel Limited.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 4 - Other Investments

	Voting Percentages	(thousands of dollars)	
		1998	1997
Investments			
Cameco Corporation			
5,423,123 (1997 - 5,423,123) common shares.....	9.4%	\$ 114,898	\$ 114,898
Saskferco Products Inc.			
68,449,080 (1997 - 68,449,080) class B common shares.....	49.0%	100,087	90,361
HARO Financial Corporation			
68,000,000 (1997 - 68,000,000) class B non-voting common shares.....	-	68,000	68,000
Saskfor MacMillan Limited Partnership			
partnership interest.....	50.0%	51,369	49,877
Bi-Provincial Upgrader, Lloydminster, Saskatchewan			
joint venture interest.....	-	-	200,193
Wascana Energy Inc.			
nil (1997 - 5,842,910) common shares.....	-	-	47,044
Meadow Lake Pulp Limited Partnership			
partnership interest.....	49.0%	(46,690)	(26,775)
NewGrade Energy Inc.			
common shares and debentures.....	50.0%	(49,836)	(65,903)
Other share investments - equity basis.....		13,982	12,788
Other share investments - cost basis.....		8,062	6,339
		259,872	496,822
Bonds and Debentures			
HARO Financial Corporation		353,661	353,246
Meadow Lake Pulp Limited Partnership			
participating debentures.....		159,743	159,107
Other bonds and debentures.....		23,650	14,739
		537,054	527,092
Loans, Notes and Mortgages Receivable			
Cadillac Fairview Corporation Limited.....		38,346	38,974
Other loans, notes and mortgages receivable.....		30,983	44,138
		69,329	83,112
Property Holdings			
Total Other Investments		\$ 956,419	\$ 1,177,198

See pages 58-59 for additional information.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 4 (continued) - Other Investments

Cameco Corporation (Cameco)

At December 31, 1997, the Government owned 5,423,123 (1996 - 5,423,123) voting common shares of Cameco representing a 9.4 per cent (1996 - 10.3 per cent) interest. Included in the investment in Cameco is one Class B share which provides the Government with the ability to exercise special voting rights with respect to the location of Cameco's head office. These shares are accounted for using the cost method.

Saskferco Products Inc. (Saskferco)

The Government holds a 49 per cent (1996 - 49 per cent) voting interest in Saskferco, a nitrogen fertilizer plant located in Belle Plaine, Saskatchewan. These shares are accounted for using the modified equity method.

HARO Financial Corporation (HARO)

- (i) To December 31, 1997, the Government had advanced \$272.2 million (1996 - \$271.7 million) to HARO to finance HARO's ownership interest in Crown Life Insurance Company (Crown Life). This Term Loan was for an initial five-year term commencing on December 15, 1992, with a maximum of four five-year renewal terms at the option of HARO. HARO did not exercise its option to renew on December 15, 1997. Hence the Term Loan is due and payable on demand.

Interest on the Term Loan of 5.89 per cent (1996 - 4.56 per cent) is calculated quarterly. Payment of principal and interest is subject to available cash flow as defined in the loan agreement. Due to the timing uncertainty of cash payments, the Government will record interest income when payments are received. HARO made no interest payments during the year. Total interest owing to the Government is \$94.8 million (1996 - \$81.3 million).

If renewed, all unpaid principal and interest is due on December 15, 2017. On that date, any amounts outstanding will be converted into a maximum of 94 per cent of HARO equity shares. The Government has a unilateral right, prior to December 15, 2017, to convert no less than 25 per cent of the loan to either HARO non-voting, HARO voting or Crown Life shares. The number of Crown Life shares acquired by the Government may not exceed 94 per cent of the Crown Life shares owned by HARO. Any conversion may be subject to regulatory approval. Security for the loan is 100 per cent of the assets of HARO.

During 1995, the Government exercised its right to convert \$68.0 million of the Term Loan into 68,000,000 non-voting, fully participating equity shares of HARO. The Government has a unilateral right to exchange these for voting shares or 94 per cent of the assets of HARO. Both exchange rights may be subject to regulatory approval. The Government's right to dividends and property of HARO on liquidation is limited to 94 per cent regardless of the number or class of shares owned of HARO. These shares are accounted for using the cost method.

- (ii) An Additional Loan Agreement (Additional Loan) between the Government and HARO was entered into on June 15, 1995, and \$149.5 million was advanced to HARO on July 31, 1995. HARO used the proceeds of this loan to purchase \$74.8 million of each of Series A and Series B convertible Crown Life debentures.

The Additional Loan's initial term expired December 15, 1997. At that time, HARO had the option to renew for a maximum of four five-year terms. The Government also has the option of extending the repayment term by two five-year terms, with no renewals by HARO or the Government extending beyond December 15, 2017, when all remaining balances of interest and principal become due. HARO did not exercise its option to renew by year end. Hence, the Additional Loan is due and payable on demand.

Interest on the Additional Loan of 4.88 per cent (1996 - 4.99 per cent) is calculated and payable on January 31 and July 31 annually. Payment of principal and interest is based on 100 per cent of the cash flow received by HARO from the Crown Life Debentures. No principal payments were made during the year.

The Government has a right to exchange the balance owing on the Additional Loan for either the Debentures of Crown Life owned by HARO or Crown Life shares. The security for the Additional Loan consists of all Crown Life Debentures owned by HARO. In the event of conversion to Crown Life shares by HARO, any securities acquired by HARO become security for the Additional Loan.

Subsequent to March 31, 1998, it was announced that Canada Life will acquire Crown Life's individual and group insurance operations in Canada (note 13).

Saskfor MacMillan Limited Partnership (Saskfor)

The Government, through its wholly-owned subsidiary CIC Forest Products Limited, holds a 50 per cent (1996 - 50 per cent) interest in Saskfor, a lumber and structural panel operation located in Hudson Bay, Saskatchewan. Saskfor is accounted for using the modified equity method.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 4 (continued) - Other Investments

Bi-Provincial Upgrader Joint Venture (Bi-Provincial)

As at December 31, 1997, the Government owned a 50 per cent (1996 - 50 per cent) interest in Bi-Provincial. Bi-Provincial is accounted for using the modified equity method.

The Government had a total of \$40.1 million (1996 - \$59.5 million) in advances to Bi-Provincial. Of this, \$3.1 million (1996 - \$22.5 million) bore a return allowance of prime plus 1 per cent which was 7.0 per cent at December 31, 1997 (1996 - 5.75 per cent).

On February 19, 1998, the Government sold its interest in Bi-Provincial to Husky Oil Operations Ltd. for total proceeds of \$310.0 million generating a gain on sale of \$102.2 million. The proceeds are receivable in two equal instalments. The first instalment was received on February 19, 1998 and the second instalment is due January 29, 1999.

Wascana Energy Inc.

In April, 1997, the Government sold its 5,842,910 common shares of Wascana Energy Inc. for total proceeds of \$119.8 million generating a gain on sale of \$72.6 million.

Meadow Lake Pulp Limited Partnership (MLPLP)

The Government, through its wholly-owned subsidiary CIC Pulp Ltd., owns a 49 per cent (1996 - 49 per cent) interest in a pulp mill located near Meadow Lake, Saskatchewan. MLPLP is accounted for using the modified equity method.

In addition to its equity interest in MLPLP, the Government has also provided the following loans:

- The Participating Debenture (\$51.2 million) bears interest at 11.15 per cent calculated on October 31 of each year.
- The Term Loan (\$10.2 million) bears interest at prime plus 2.0 per cent, which is 8.0 per cent at December 31, 1997 (1996 - 5.0 per cent). Interest on this loan is being paid monthly.
- The Contingency Loan (\$5.5 million) bears interest at prime plus 1.0 per cent which is 7.0 per cent at December 31, 1997 (1996 - 5.75 per cent). Any interest outstanding and not paid on October 31 of each year is added to the principal balance.

The Government records, as a separate loan (Interest Loan), the accrued interest receivable from the Participating Debenture. Interest on the Interest Loan, at 11.15 per cent, is calculated on October 31 of each year and is added to the principal balance outstanding on the loan. Interest income earned and forming part of the Interest Loan is recorded as deferred interest income due to the timing uncertainty of future cash payments. The deferred interest income will be recorded as income when payments are received under the cash availability formula.

Any payments to be made on the Participating Debenture, the Contingency Loan and the Interest Loan are subject to available cash flows as defined in the loan agreements. Payments towards principal outstanding on the Term Loan are due in two equal instalments after MLPLP has fully repaid an external bank loan. The Contingency Loan, Term Loan, Participating Debenture and Interest Loan mature in the year 2014. The remaining balance outstanding on the Interest Loan and Participating Debenture on October 31, 2014 shall bear interest at a rate equal to the short-term cost of borrowing for the Province of Saskatchewan, which is 4.76 per cent at December 31, 1997 (1996 - 3.13 per cent), until paid in full. Due to the uncertainty of cash flows from MLPLP, the Government's Participating Debenture is shown net of a provision for loan losses of \$30.0 million (1996 - \$30.0 million).

NewGrade Energy Inc. (NewGrade)

The Government owns 50 per cent (1996 - 50 per cent) of the outstanding voting participating shares of NewGrade. These shares are accounted for using the modified equity method. The Government also holds certain promissory notes due on demand from NewGrade that bear interest at Bank of Montreal prime rate, which is 6.0 per cent (1996 - 4.75 per cent).

In addition, should there be any operating shortfall at the end of any year, the Government will loan NewGrade up to \$2.0 million, escalated by inflation, in the form of a Subordinated Operations Fee Amount after Consumers Co-operative Refinery Ltd. (CCRL) has provided its \$2.0 million Subordinated Operations Fee Amount. If these loans do not cover all cash shortfalls, then the Government will loan NewGrade up to \$4.0 million as a Cash Flow Deficiency Loan on a pro-rata basis with CCRL. If this facility is exhausted, the Government will loan NewGrade the remainder to cover any other annual operating shortfalls. These loans, if any, will bear interest at CCRL's rate of borrowing. CCRL's required Cash Flow Deficiency Loans cannot exceed \$40.0 million outstanding at any time.

Market Values

The market value of the Government's only publicly traded investment held at March 31, 1998 was as follows (millions of dollars):

Cameco	\$ 235.9
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Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 5 - Accounts Payable and Accrued Liabilities

	(thousands of dollars)	
	1998	1997
Transfers.....	\$ 356,269	\$ 375,584
Accrued interest.....	275,901	299,344
Supplier payments.....	177,233	158,997
Transfers to the federal government.....	132,487	182,162
Accrued employee benefits.....	125,226	124,619
Capital lease obligations (note 11).....	55,310	57,335
Public employee benefit plans claims payable.....	47,277	55,608
Other.....	95,383	89,954
Total Accounts Payable and Accrued Liabilities	\$ 1,265,086	\$ 1,343,603

Schedule 6 - Other Liabilities

	(thousands of dollars)	
	1998	1997
Funds held on behalf of government enterprises and others		
Saskatchewan Liquor and Gaming Authority.....	\$ 386,206	\$ 450,509
Queen's Bench Court Account.....	5,908	6,348
Public Employees' Pension Plan.....	2,545	2,247
Public Trustee's Trust Account.....	1,707	2,466
Beef Development Board.....	1,659	1,848
Others.....	14,403	18,728
	412,428	482,146
Other.....	3,156	2,839
Total Other Liabilities	\$ 415,584	\$ 484,985

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 7 - Public Debt

	(thousands of dollars)				1997	
	1998		Less Sinking Funds ⁵	Public Debt		
	Gross Public Debt					
Government Service Organizations						
General Revenue Fund ¹	\$ 8,132,676	\$ 262,474	\$ 7,870,202	\$ 8,097,385		
Crown Investments Corporation of Saskatchewan (non-consolidated) ²	669,602	307,774	361,828	546,905		
Saskatchewan Housing Corporation.....	222,239	-	222,239	266,485		
Agricultural Credit Corporation of Saskatchewan.....	270,208	145,474	124,734	210,464		
Saskatchewan Opportunities Corporation.....	90,434	-	90,434	71,766		
Saskatchewan Water Corporation.....	41,293	1,463	39,830	40,991		
Saskatchewan Transportation Company.....	-	-	-	23,400		
Prince Albert District Health Board.....	6,599	-	6,599	5,475		
Saskatchewan Development Fund Corporation.....	1,355	-	1,355	1,654		
Saskatoon District Health Board.....	1,225	-	1,225	992		
Debt of Government Service Organizations³	9,435,631	717,185	8,718,446	9,265,517		
Government Enterprises						
Saskatchewan Power Corporation.....	1,909,217	222,143	1,687,074	1,832,037		
SaskEnergy Incorporated.....	732,865	30,765	702,100	724,217		
Saskatchewan Telecommunications Holding Corporation.....	468,708	87,221	381,487	382,725		
Municipal Financing Corporation of Saskatchewan.....	84,167	-	84,167	87,667		
Saskatchewan Gaming Corporation.....	31,073	-	31,073	34,170		
	3,226,030	340,129	2,885,901	3,060,816		
Net increase to March 31.....	78,720	17,935	60,785	65,713		
Debt of Government Enterprises⁴	3,304,750	358,064	2,946,686	3,126,529		
Total Public Debt⁶	\$ 12,740,381	\$ 1,075,249	\$ 11,665,132	\$ 12,392,046		

Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

¹ General Revenue Fund debt is shown net of \$2,863.9 million (1997 - \$3,034.5 million) reimbursable from government enterprises, \$817.9 million (1997 - \$1,154.0 million) reimbursable from government service organizations and \$1.8 million (1997 - \$0) borrowed from other government organizations.

² Crown Investments Corporation of Saskatchewan (non-consolidated) is shown net of \$0 million (1997 - \$23.4 million) reimbursable from government service organizations.

³ This amount includes Canada Pension Plan debentures of \$732.6 million (1997 - \$801.9 million) at a weighted average interest rate of 11.95%, ranging from 9.17% to 17.51%. Of this amount, \$76.0 million is payable within one year. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

⁴ The debt of government enterprises is as presented in their audited financial statements closest to March 31, 1998. The balance is adjusted for the net change to March 31, 1998. This amount includes Canada Pension Plan debentures of \$720.2 million (1997 - \$720.2 million) at a weighted average interest rate of 10.78%, ranging from 9.04% to 14.06%. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

⁵ See Schedule 8 for information on sinking funds.

⁶ See Schedule 9 for information on debt by maturity.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 8 - Sinking Funds

(thousands of dollars)

	1997		1998			Sinking Funds
	Sinking Funds	Contributions	Earnings	Less Redemptions		
Government Service Organizations						
General Revenue Fund.....	\$ 197,115	\$ 41,265	\$ 24,094	\$ -	\$ 262,474	
Agricultural Credit Corporation of Saskatchewan.....	59,744	80,100	5,630	-	145,474	
Crown Investments Corporation of Saskatchewan.....	188,129	119,780	15,060	15,195	307,774	
Saskatchewan Water Corporation.....	1,839	605	156	1,137	1,463	
Sinking Funds of Government Service Organizations	446,827	241,750	44,940	16,332	717,185	
Government Enterprises						
Saskatchewan Power Corporation.....	229,403	28,084	20,746	56,090	222,143	
SaskEnergy Incorporated.....	24,248	3,729	2,788	-	30,765	
Saskatchewan Telecommunications Holding Corporation.....	102,971	3,415	8,750	27,915	87,221	
	356,622	35,228	32,284	84,005	340,129	
Increase (decrease) to March 31.....	(33,267)	(1,046)	2,505	(49,743)	17,935	
Sinking Funds of Government Enterprises	323,355	34,182	34,789	34,262	358,064	
Total Sinking Funds	\$ 770,182	\$ 275,932	\$ 79,729	\$ 50,594	\$ 1,075,249	

The market value of sinking funds, at March 31, 1998, is \$1,153.7 million (1997 - \$814.1 million).

Sinking fund earnings include gains on investment sales of \$14.7 million (1997 - \$5.8 million).

The total sinking fund assets have been disclosed net of \$2.7 million in liabilities (1997 - \$1.7 million).

Annual contributions, when established by Order in Council, are set at not less than one per cent of debentures outstanding. The redemption value is based on the market value of the sinking fund units at the date of redemption.

The aggregate amount of contributions estimated to be required in each of the next five fiscal years to meet sinking fund requirements are:

	(thousands of dollars)	
1998-99.....		\$ 58,642
1999-2000.....		61,059
2000-01.....		60,127
2001-02.....		60,219
2002-03.....		60,219
		\$ 300,266

Sinking fund assets have been invested as follows:

	(thousands of dollars)	
	1998	1997
Long-term Investments		
Province of Saskatchewan securities; coupon interest range 5.5% to 13.0%; maturing in .4 to 27.2 years.....	\$ 628,111	\$ 406,375
Government of Canada securities; coupon interest range 5.0% to 11.75%; maturing in .65 to 25.3 years.....	105,766	33,281
Other provincial governments' securities; coupon interest range 5.75% to 11.25%; maturing in 1.55 to 31 years.....	193,978	131,946
Corporate and municipal securities.....	-	200
Government of the United States securities; coupon interest rate 6.875%; maturing in 27.5 years.....	1,490	6,246
Other.....	145,904	192,134
Total Sinking Fund Investments	\$ 1,075,249	\$ 770,182

Included are U.S. dollar long-term investments converted to \$173.5 million Canadian (1997 - \$115.6 million) at the exchange rate in effect at March 31, 1998, 1.4166 (March 31, 1997, 1.3843).

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 9 - Public Debt by Maturity

(thousands of dollars)

Year of Maturity	1998				1997	
	Canadian Dollar Debt	U.S. Dollar Debt (CDN \$)	Total (CDN \$)	Average Interest Rate	Total (CDNS)	Average Interest Rate
Government Service Organizations						
Short-term promissory notes.....	\$ 128,860	\$ -	\$ 128,860	4.70%	\$ 85,600	3.08%
1997-98.....	-	-	-	-	673,004	8.79%
1998-99.....	1,045,284	-	1,045,284	9.35%	1,073,834	9.23%
1999-2000.....	1,231,436	-	1,231,436	8.43%	1,235,087	8.43%
2000-01.....	1,248,997	-	1,248,997	10.41%	1,303,697	10.43%
2001-02.....	896,234	-	896,234	7.31%	940,406	8.40%
2002-03.....	569,641	-	569,641	8.29%	-	-
1-5 years	5,120,452	-	5,120,452	-	5,311,628	-
6-10 years.....	1,478,276	-	1,478,276	8.73%	1,827,220	9.14%
11-15 years.....	778,885	566,640	1,345,525	10.79%	472,289	10.14%
16-20 years.....	591,003	318,735	909,738	9.22%	1,532,355	8.79%
21-25 years.....	15,000	566,640	581,640	9.05%	430,422	9.22%
Thereafter.....	-	-	-	-	138,430	8.50%
	\$ 7,983,616	\$ 1,452,015	\$ 9,435,631		9,712,344	
Less: Sinking funds			(717,185)		(446,827)	
Debt of Government Service Organizations			8,718,446		9,265,517	
Government Enterprises						
Short term promissory notes.....	\$ 34,700	\$ -	\$ 34,700	4.70%	\$ 74,400	3.08%
1997-98.....	-	-	-	-	10,289	6.68%
1998-99.....	86,573	-	86,573	8.67%	86,461	8.67%
1999-2000.....	4,652	-	4,652	9.07%	54,651	9.81%
2000-01.....	54,965	-	54,965	10.82%	127,118	11.35%
2001-02.....	10,521	-	10,521	1.12%	12,016	3.66%
2002-03.....	479,110	-	479,110	12.45%	-	-
1-5 years	670,521	-	670,521	-	364,935	-
6-10 years.....	948,838	345,650	1,294,488	9.31%	1,359,513	11.00%
11-15 years.....	237,040	-	237,040	9.52%	638,078	8.58%
16-20 years.....	-	106,245	106,245	7.38%	103,822	7.38%
21-25 years.....	250,000	566,640	816,640	9.14%	526,860	9.48%
Thereafter.....	179,816	-	179,816	8.88%	456,676	8.65%
	\$ 2,286,215	\$ 1,018,535	\$ 3,304,750		3,449,884	
Less: Sinking funds			(358,064)		(323,355)	
Debt of Government Enterprises			2,946,686		3,126,529	
Total Public Debt			\$ 11,665,132		\$ 12,392,046	

See page 64 for additional information.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 9 (continued) - Public Debt by Maturity

U.S. dollar debentures have been converted to Canadian dollars at the exchange rate in effect at March 31, 1998 (1.4166) and March 31, 1997 (1.3843).

The debt of government service organizations includes Canada Pension Plan debentures of \$732.6 million (1997 - \$801.9 million) at a weighted average interest rate of 11.95 per cent, ranging from 9.17 per cent to 17.51 per cent. Of this amount, \$76.0 million is payable within one year. The debt of government enterprises includes Canada Pension Plan debentures of \$720.2 million (1997 - \$720.2 million) at a weighted average interest rate of 10.78 per cent, ranging from 9.04 per cent to 14.06 per cent. These debentures are redeemable in whole or in part before maturity, on six months prior notice, at the option of the Minister of Finance of Canada.

Debt includes debentures of \$1,347.9 million (1997 - \$1,298.0 million) redeemable annually at the option of the holder or anytime on the death of the holder. \$55.1 million of this amount is payable within one year.

Included in total public debt are the following amounts:

- debentures totalling 22.5 billion yen (1997 - 27.5 billion) fully hedged to \$259.2 million Canadian (1997 - \$305.0 million).
- debentures totalling 550.0 million U.S. dollars (1997 - 550.0 million) fully hedged to \$744.9 million Canadian (1997 - \$744.9 million).
- debentures totalling 500.0 million Deutschemarks (1997 - 900.0 million) fully hedged to \$374.9 million Canadian (1997 - \$616.6 million).
- debentures totalling 400.0 million Swiss francs (1997 - 650.0 million) fully hedged to \$292.0 million Canadian (1997 - \$478.9 million).

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 10 - Guaranteed Debt

	(thousands of dollars)		
	1998		1997
The Industry and Commerce Development Act			
Saskferco Products Inc.	\$ 199,361	\$ 236,662	
The NewGrade Energy Inc. Act			
NewGrade Energy Inc.	169,949	196,867	
Crown Investments Corporation of Saskatchewan (non-consolidated)			
NewGrade Energy Inc.	129,821	150,383	
IPSCO Inc.	-	48,423	
The Saskatchewan Housing Corporation Act			
Home improvement loan program	12,928	35,912	
Mortgage guarantee program	11,248	14,956	
The Power Corporation Act			
Manalta Coal	30,768	32,685	
National Trust Company	17,160	18,626	
The Farm Financial Stability Act			
The Breeder associations loan guarantees....	23,629	21,002	
The Feeder associations loan guarantees....	10,097	18,941	
Other	21,661	17,241	
Total Guaranteed Debt	\$ 626,622	\$ 791,698	

Total guaranteed debt is net of a loss provision of \$0.6 million (1997 - \$4.6 million).

In addition to the amount shown, there is a contingent liability for interest accrued on these items.

See page 66 for additional information.

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 10 (continued) - Guaranteed Debt

Saskferco Products Inc.

The Government has guaranteed certain medium term notes issued by Saskferco to finance the construction of a nitrogen based fertilizer plant located near Belle Plain.

This guarantee pertains to debt denominated in U.S. dollars. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. The amount recorded is net of \$98.1 million (1997 - \$54.0 million) for Saskferco's equity in a sinking fund.

NewGrade Energy Inc. (NewGrade)

The Government has indemnified the Government of Canada for its guarantee of NewGrade's long term debt, to a maximum of \$275 million. At March 31, 1998, the Government's guarantee is \$129.8 million (1997 - \$150.4 million).

The Government has also guaranteed certain long term debt of NewGrade to a maximum of \$360 million. A significant portion of this guarantee relates to U.S. denominated debt. Thus, the amount of the guarantee is influenced by changes in the value of the U.S. dollar relative to the Canadian dollar. At March 31, 1998, the Government's guarantee is \$169.9 million (1997 - \$196.9 million).

Home Improvement Loan Program

From 1986 to 1990, the Government provided loan guarantees to lenders pursuant to the Home Improvement Loan Program. Loans are guaranteed to a maximum of \$10 thousand and are amortized over periods not exceeding ten years.

Losses on individual loan guarantees are provided for on the basis of claims submitted by lenders to the Government. Subsequent cash recoveries from borrowers are recorded as other revenue.

Saskatchewan Mortgage Guarantee Program

During 1986 and 1987, the Government provided mortgage guarantees to lenders financing certain new housing construction.

Losses on individual mortgage guarantees are provided for on the basis of claims received and mortgage arrears as reported to the Government by lenders.

Manalta Coal

The Government has guaranteed a \$45 million promissory note issued by Manalta to finance the purchase of a dragline from Saskatchewan Power Corporation. The note is due in 2003. The amount recorded is net of \$14.2 million (1997 - \$12.3 million) for Manalta's equity in a sinking fund administered by the Minister of Finance.

National Trust Company

The Government is contingently liable for payments on certain leased mining equipment, which was assumed by the purchaser of a mining operation. The lease expires in 2004.

Other

Other includes guarantees under \$10 million.

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 11 - Revenue

	(thousands of dollars)	
	1998	1997
	(Restated)	
Taxation		
Corporation capital.....	\$ 267,792	\$ 242,304
Corporation income.....	217,116	231,620
Fuel.....	376,933	365,452
Individual income.....	1,327,582	1,277,191
Sales.....	753,043	840,962
Tobacco.....	123,631	116,869
Other.....	49,477	50,970
Total Taxes	3,115,574	3,125,368
Non-renewable Resources		
Coal.....	17,432	15,088
Natural gas.....	44,050	53,017
Oil.....	488,712	690,720
Potash.....	189,487	87,617
Uranium.....	38,493	57,946
Water.....	20,758	19,470
Other.....	3,286	3,256
Total Non-renewable Resources	802,218	927,114
Gain on Sale of Investments	174,819	25,259
Other Own-source Revenue		
Equity investments.....	43,971	34,163
Other interest and investments.....	111,213	105,304
Fees/permits/licences.....	373,104	314,980
Insurance.....	99,097	120,538
Miscellaneous.....	159,571	170,599
Total Other Own-source Revenue	786,956	745,584
Total Own-source Revenue	4,879,567	4,823,325
Transfers from the Federal Government		
Canada Health and Social Transfer.....	446,361	485,860
Crop insurance premium contributions.....	51,570	48,765
Equalization.....	8,258	175,915
Housing subsidy.....	57,968	20,229
Other.....	111,268	121,866
Total Transfers from the Federal Government	675,425	852,635
Total Revenue	\$ 5,554,992	\$ 5,675,960

Government of Saskatchewan Schedules to the Summary Financial Statements

Schedule 12 - Gains and Losses on Loans and Investments

	(thousands of dollars)		
	1998		1997
Gain on sale of investments.....	\$ 174,819	\$	25,259
Earnings (losses) from equity investments			
Bi-Provincial Upgrader.....	25,267		1,978
Saskferco Products Inc.....	19,133		31,209
NewGrade Energy Inc.....	16,067		11,795
Saskfor MacMillan Limited Partnership.....	3,413		8,312
Cameco.....	-		4,900
Meadow Lake Pulp Limited Partnership.....	(20,696)		(22,801)
Other.....	787		(1,230)
Net Gain on Loans and Investments	\$ 218,790	\$	59,422

Schedule 13 - Net Change in Non-cash Operating Activities

	(thousands of dollars)		
	1998		1997
Decrease (increase) in prepaid expenditures.....	\$ 721	\$	(850)
Decrease (increase) in accounts receivable.....	(94,176)		401,994
Decrease (increase) in inventories held for resale.....	(914)		(2,077)
Decrease (increase) in deferred charges.....	13,906		9,197
Decrease (increase) in loans receivable.....	210,342		100,441
Increase (decrease) in accounts payable and accrued liabilities.....	(78,517)		(34,857)
Increase (decrease) in unearned revenue.....	18,440		10,499
Net Change in Non-cash Operating Activities	\$ 69,802	\$	484,347

Government of Saskatchewan

Schedules to the Summary Financial Statements

Schedule 14 - Reporting Entity

Government Service Organizations (Consolidated)

Agricultural Credit Corporation of Saskatchewan	Resource Protection and Development Revolving Fund
Agricultural Implements Board	Saskatchewan Archives Board
Agri-Food Equity Fund ¹	Saskatchewan Arts Board
Agri-Food Innovation Fund	Saskatchewan Cancer Foundation
Associated Entities Fund	Saskatchewan Centre of the Arts Fund
Big Game Damage Compensation Fund ¹	Saskatchewan Communications Network Corporation
Board of Governors, Uranium City Hospital	Saskatchewan Crop Insurance Corporation
Carlton Trail Regional College	Saskatchewan Development Fund Corporation
Cattle Marketing Deductions Fund	Saskatchewan Energy Conservation and Development Authority ²
CIC Industrial Interests Inc.	Saskatchewan Grain Car Corporation
CIC Mineral Interests Corporation ²	Saskatchewan Health Information Network ¹
Commercial Revolving Fund	Saskatchewan Heritage Foundation
Conservation and Development Revolving Fund	Saskatchewan Housing Corporation
Correctional Facilities Industries Revolving Fund	Saskatchewan Indian Regional College
Correspondence School Revolving Fund	Saskatchewan Institute of Applied Science and Technology
Crop Reinsurance Fund of Saskatchewan	Saskatchewan Legal Aid Commission
Crown Investments Corporation of Saskatchewan (non-consolidated)	Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation
Cumberland Regional College	Saskatchewan Opportunities Corporation
Cypress Hills Regional College	Saskatchewan Property Management Corporation
Extended Health Care Plan	Saskatchewan Research Council
Extended Health Care Plan for Certain Other Employees	Saskatchewan Student Aid Fund
Fish and Wildlife Development Fund	Saskatchewan Transportation Company
General Revenue Fund	Saskatchewan Water Corporation
Health Services Utilization and Research Commission	Saskatchewan Western Development Museum
Highways Revolving Fund	Saskatchewan Wetland Conservation Corporation
Horned Cattle Fund	Saskatoon District Health Board
La Ronge Hospital Board	Southeast Regional College
Law Reform Commission of Saskatchewan	St. Louis Alcoholism Rehabilitation Centre
Learning Resources Distribution Centre Revolving Fund	Transportation Partnerships Corporation ²
Livestock Services Revolving Fund	Transportation Partnerships Fund ¹
Milk Control Board	Victims' Fund
New Careers Corporation	Water Appeal Board
North West Regional College	
Northern Revenue Sharing Trust Account	
Northlands College	
Oil and Gas Environmental Fund	
Parkland Regional College	
Prairie Agricultural Machinery Institute	
Prairie West Regional College	
Prince Albert District Health Board	
Public Employees Benefits Agency Revolving Fund	
Public Employees Dental Fund	
Public Employees Disability Income Fund	
Public Employees Group Life Insurance Fund	
Queen's Printer Revolving Fund	
Regina District Health Board	
	Government Enterprises (Modified Equity Method)
	Municipal Financing Corporation of Saskatchewan
	Saskatchewan Auto Fund
	SaskEnergy Incorporated
	Saskatchewan Forest Products Corporation
	Saskatchewan Gaming Corporation
	Saskatchewan Government Growth Fund Management Corporation
	Saskatchewan Government Insurance
	Saskatchewan Liquor and Gaming Authority
	Saskatchewan Power Corporation
	Saskatchewan Telecommunications Holding Corporation
	Workers' Compensation Board (Saskatchewan)

¹ Organization established during 1997-98.

² Organization wound-up during 1997-98.

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**General Revenue Fund - Details of Debentures
(unaudited)**

General Revenue Fund Public Issue Debentures

Date of Issue	Date of Maturity	Interest				Purpose of Issue	Amount Outstanding	Total Issue Outstanding	Equity of Applicable Sinking Fund	Sinking Fund Contribution 1997-98
		Rate %	Interest Payments	Currency	Purpose of Issue					
Feb. 2/88	May 1/98	10 1/4	Semiannual	Can.	GRF.....	10,700,000	10,700,000	---	---	---
(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)										
July 3/91	July 3/98	10 1/8	Semiannual	Can.	GRF.....	300,000,000				
					CIC.....	250,000,000				
					SaskEnergy.....	50,000,000	600,000,000	181,911,078	83,845,758	
(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)										
July 15/93	July 15/98	6	Annual	Can.	GRF.....	55,081,100	55,081,100	---	---	---
(Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1994; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)										
Sept. 11/95	Nov. 2/98	7.65	Semiannual	Can.	CIC.....	100,000,000				
					ACS.....	30,000,000	130,000,000	96,837,875	57,433,897	
(Non-callable; Payable in Toronto)										
Feb. 19/92	Feb. 6/99	9.14	Semiannual	Can.	GRF.....	220,784,929	220,784,929	---	---	---
(The original issue of 8 1/4% 300,000,000 Deutschemarks has been converted to Canadian dollars resulting in an all-in-cost of 9 1/4%; Non-callable; Payable in Frankfurt)										
July 6/89	July 6/99	9 1/8	Semiannual	Can.	GRF.....	225,000,000				
					CIC.....	25,000,000	250,000,000	---	---	---
(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)										
July 15/94	July 15/99	8	Annual	Can.	GRF.....	769,976,600	769,976,600	---	---	---
(Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1995; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)										
Feb. 14/96	Feb. 14/00	6 3/4	Annual	Can.	GRF.....	125,000,000	125,000,000	---	---	---
(Non-callable; Payable in London)										
July 12/90	July 12/00	11 1/4	Semiannual	Can.	GRF.....	425,000,000	425,000,000	---	---	---
(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)										
July 15/95	July 15/00	6%	Annual	Can.	GRF.....	158,081,500	158,081,500	---	---	---
(Redeemable annually at the option of the holder or anytime on the death of the holder; The Province reserves the right to increase the interest rate after July 14, 1996; Payable at any Saskatchewan branch of a chartered bank, trust company and the Credit Union Central of Saskatchewan)										
Aug. 17/90	Aug. 17/00	10.868	Annual	Can.	GRF.....	146,660,000	146,660,000	---	---	---
(The original issue of 7% 200,000,000 Swiss Franc debentures has been swapped into Canadian dollars with an effective cost of funds of 10.868%; Non-callable; Payable in Zurich)										
Oct. 31/95	Oct. 31/00	7 3/4	Semiannual	Can.	GRF.....	5,000,000	5,000,000	---	---	---
(Non-callable; Payable in Regina)										

General Revenue Fund Public Issue Debentures

General Revenue Fund Public Issue Debentures

General Revenue Fund Public Issue Debentures

General Revenue Fund

Public Issue Debentures

Date of Issue	Date of Maturity	Interest			Purpose of Issue	Amount Outstanding	Total Issue Outstanding	Equity of Applicable Sinking Fund	Sinking Fund Contribution 1997-98
		Rate %	Interest Payments	Currency					
Feb. 26/91	Feb. 15/21	9 1/8	Semiannual	U.S.	GRF.....	<u>200,000,000</u>	200,000,000*	25,111,128	2,912,600
(Non-callable; Payable in New York)									
Feb. 4/92	Feb. 4/22	9.6	Semiannual	Can.	SaskPower.....	250,000,000			
					SaskWater.....	<u>15,000,000</u>	265,000,000	18,873,189	2,952,813
(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)									
July 21/92	July 15/22	8 1/2	Semiannual	U.S.	GRF.....	100,000,000			
					SaskPower.....	<u>200,000,000</u>	300,000,000*	26,359,922	4,143,300
(Non-callable; Payable in New York)									
May 30/95	May 30/25	8 3/4	Semiannual	Can.	SaskPower.....	100,000,000			
					SaskEnergy.....	<u>75,000,000</u>	175,000,000	4,014,605	1,750,000
(Non-callable; Payable at any Canadian branch of the Royal Bank of Canada)									
* Adjustment to reflect conversion of debentures quoted in foreign currencies to Canadian dollars using the exchange rate in effect at March 31, 1998 (U.S. \$1.4166)									
							726,550,400	---	---
							11,009,884,560	1,054,764,842	272,974,848
Various debentures issued to finance union hospital debt									
Total									
							\$11,011,327,673	\$1,054,764,842	\$272,974,848

General Revenue Fund

Debentures Issued to the Minister of Finance of Canada

Date of Issue	Date of Maturity	Interest Rate %	Amount Outstanding
Canada Pension Plan Investment Fund*			
April 1978 - March 1979	April 1998 - March 1999	9.56	76,002,000
April 1979 - March 1980	April 1999 - March 2000	10.58	82,345,000
April 1980 - March 1981	April 2000 - March 2001	12.70	87,129,000
April 1981 - March 1982	April 2001 - March 2002	15.43	109,647,000
April 1982 - March 1983	April 2002 - March 2003	14.67	110,084,000
April 1983 - March 1984	April 2003 - March 2004	11.60	109,328,000
April 1984 - March 1985	April 2004 - March 2005	13.37	104,274,000
April 1985 - March 1986	April 2005 - March 2006	11.48	112,507,000
April 1986 - March 1987	April 2006 - March 2007	9.61	133,709,000
April 1987 - March 1988	April 2007 - March 2008	9.61	88,333,000
April 1988 - March 1989	April 2008 - March 2009	10.08	93,932,000
April 1989 - March 1990	April 2009 - March 2010 **	9.90	101,867,000
April 1990 - March 1991	April 2010 - March 2011 **	10.85	90,318,000
April 1991 - March 1992	April 2011 - March 2012 **	9.92	90,664,000
April 1992 - March 1993	April 2012 - March 2013 **	9.37	62,705,000
			1,452,844,000
The Municipal Development Loan Fund			
1964 - 1967	2004 - 2007	5.375	38,622
Agricultural Service Centres Loan Agreement			
1979 - 1985	1998 - 2004	7.665 - 13.477	1,223,765
Total			\$ 1,454,106,387

* Canada Pension Debentures have a 20 year maturity, are not callable by the Province, and are redeemable at the option of the Minister of Finance of Canada on six months notice in certain circumstances relating to the CPP's funding and solvency requirements. The interest rates shown are on a weighted average basis.

** Subject in part to annual sinking funds; equity in sinking funds at March 31, 1998, \$20,483,839.

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Glossary of Terms

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Glossary of Terms

Accrual Accounting

The method of accounting used to prepare the financial statements. This is the method of accounting recommended by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Accrual accounting recognizes financial transactions at the time they occur, regardless of whether any cash is received or paid.

Accumulated Deficit

The amount by which expenses have exceeded revenues from the beginning of incorporation (1905). It is the sum of all annual deficits and surpluses plus any adjustments that were charged directly to the accumulated deficit.

Budget

The amount presented in the Estimates.

Debt

The term "debt" is used in a number of ways.

- **Debt (GRF)** - the total debt issued for general government purposes and for Crown corporations, net of sinking funds;
- **Total Debt (GRF)** - the total debt issued for general government purposes and for Crown corporations, net of sinking funds, plus guaranteed debt;
- **Public Debt (SFS)** - the debt of government service organizations, net of sinking funds;
- **Total Public Debt (SFS)** - the debt of government service organizations and government enterprises, net of sinking funds.
- **Guaranteed Debt** - the debt of Crown corporations and others that the Government has agreed to repay if they are unable to do so; and,
- **Sinking Funds** - the amount of money which has been set aside for the repayment of debt.

Debt Reduction Account

This account is established pursuant to *The Balanced Budget Act*. The Debt Reduction Account is an accounting of the accumulated surpluses of the General Revenue Fund commencing April 1, 1995.

Consolidation

The method used to account for government service organizations in the Summary Financial Statements. The accounts are adjusted to the basis of accounting used by the General Revenue Fund and then added together. Inter-entity transactions are eliminated.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by Legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements prepared to account for the moneys appropriated by the Legislative Assembly.

Government Enterprises

Government organizations that have the financial and operating authority to carry on a business. This includes contracting in their own name, and selling goods and services to individuals and non-government organizations as their principal activity and source of revenue. Government enterprises are recorded in the Summary Financial Statements using the modified equity method.

Government Service Organizations

Those organizations that are accountable to government and either owned or controlled by government, and are not government enterprises. Government service organizations are consolidated in the Summary Financial Statements after adjusting them to a basis consistent with the accounting policies of the GRF.

Modified Equity

The method by which government enterprises are included in the Summary Financial Statements. The Government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings/losses and other net equity changes of the enterprise without adjusting them to conform with the accounting policies of the GRF. Inter-organizational transactions are not eliminated.

Pension Liability

An actuarial estimate of discounted future payments to be made to retirees under Government pension plans, net of plan assets.

Summary Financial Statements Reporting Entity

The Summary Financial Statements reporting entity includes the financial activities of organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislative Assembly and which are owned or controlled by the Government. Trusts administered by the Government are excluded from the reporting entity.

Summary Financial Statements (SFS)

The statements prepared to account for the full nature and extent of the financial activities authorized by the Legislative Assembly and administered through government departments, special funds, agencies and enterprises.

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